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# **FEDERALISM AND FREEDOM**

BY THE SAME AUTHOR:

*Corps de Droit Ottoman*

*Pendulum of Progress*

*Portugal*

*Poor Fred*

*Tales of Trespass*

*&c.*

# Federalism and Freedom

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*or* PLAN THE PEACE TO WIN THE WAR

*by*  
SIR GEORGE YOUNG, Bt.

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## THE MILL

Slowly it grinds, slow, slow,  
Round and round the mill doth go,  
And our systems and our laws  
Are the grain between its jaws . . .

Where no ray of light can creep  
Other laws and systems sleep,  
Ready at the call of spring  
To begin their burgeoning.

From *Weekday Poems* by H. O. Meredith

## CONTENTS

### INTRODUCTION

Political Axioms; A Book on the Grand International; Saying it with Bombs; Rules for Reconstruction; Toad-in-the-Hole; *Risks for Reconstruction*; *Plan the Peace*; and Win the War; Cabbages and Kings.

### CHAPTER I. FEDERATING.

I

The blessed word 'Federation'; The League and Sovereignty; Federation and Sovereignty; False Starts to Federation; Full Stops to Federation; Union requires Unity; Federation a form of Democracy; Deficiencies of Democracy; Federalism reforms Democracy; Federation and Equality; Federation in America; No Federation without Federalization; A Hook for Leviathan; Proposed Federal Structure; Provisional Armed Security; Provisional National Sovereignty; Function of League; Future of Diplomacy; Disarmament and Defence; Components of Federation; Constitution of Federation; Economic Constitution; Electoral System; Epilogue.

### CHAPTER II. FEDERALIZING

36

Divide or Die; Function of Federalization; German obedience and Prussian obduracy; First Supremacy of Prussia; First Suppression of Prussia; Second Supremacy of Prussia; Second Suppression of Prussia; Federalism of German Republic; Final Supremacy of Prussia; Future Suppression of Prussia; Final Suppression of Prussia; Germany federalized; Great Britain federalized; France federalized; Russian Federation affiliated; A Capitalist-Communist Combine; Epilogue.

### CHAPTER III. REMEDIAL ECONOMIC FEDERATION

68

Mischievous Nonsense; Remedies by Democracies; Remedies by Dictatorships; The New Order and New Europe; Capitalism and Communism; Federate or Fight; Responsibility of our Ruling Class; Federalism and Freedom; Self-Government and Secession; Economic Causes of War; Ethics and Economics; War Debt Liability; War Debt Liquidation; Dealing with Depressions; Causes of Economic Disorders; Diagnosis of Economic Disorders; Cure of Economic Disorders; Epilogue.



## CONTENTS

	PAGE
<b>CHAPTER IV. RECONSTRUCTIVE ECONOMIC FEDERATION</b>	<b>III</b>
A Strategy for Reconstruction; First Steps in Federation; Economic Autonomy of States; The Banks as 'soft spots'; Fifth and Silent Columns; The Battle of the Banks; Con- trol of Currency; Control of Commerce; Control of Colo- nies; Control of Commonwealth; Control of Commodities; Control of Capital; Federalism replaces Financiering; Epi- logue.	
<b>CHAPTER V. WAR AND LAW</b>	<b>140</b>
War is a Remedy; Law-making and War-making; The British as Law-makers; The League and Abyssinia; Spain and Non-Intervention; British as Law-breakers; Origin of International Law; Non-belligerency and Neutrality; American Neutrality; New Forms of War; Science and War; New Forms of Law; New Function of Liberalism; Principles of New Europe; A Democratic Dictatorship; Ruling-class Reform, last war; Ruling-class Reform, this war; The New Chivalry; The New School Tie; The Heroic Symphony.	
<b>CHAPTER VI. WAR AND PEACE</b>	<b>177</b>
The Bellman; War Menace in Peace; The War-Peace Con- tinuum; Peace Menace in War; Peace Preparation as a War Weapon; Peace and Appeasement; A Policy of No Policy; Peace by Diplomacy; Peace by Democracy; Fool's Mate; The Pawn's Defence; Federalism and Freedom; L'Envoi.	
<b>POSTSCRIPT</b>	<b>195</b>
<b>INDEX</b>	<b>200</b>
<b>DIAGRAM</b>	<b>88-89</b>

## ERRATA

Owing to war conditions six months will have passed between this book going to press and getting published. Such a time-lag would, at any time, be trying to a treatise on political situations and their solutions. In these times when the whole situation changes suddenly and sensationally between dawn and dusk it is an intensive test as to whether the analysis of a situation is fundamentally scientific and the argument as to its solution is philosophically sound. If the book were now rewritten the angle of approach would be slightly altered in some respects, e.g. America, and the approach rather further advanced in others, e.g. Russia. Otherwise the events of these six months have not only confirmed the analysis and corroborated the arguments, but have improved impressively the practical prospects of its policies. In short, there are no essential errata.



## INTRODUCTION

### POLITICAL AXIOMS

**F**ORMAL introductions are out of fashion; but this is an old-fashioned book, even though some of its ideas may seem new-fangled. For the author, as a diplomat and political scientist, is by training conservative, while, as a democrat and a pragmatic socialist, he is, by tradition, a progressive. The point of view of the book is therefore conservative—but constructively so. The policy aims at being progressive, but practical. The principles from which the problems of post-war reconstruction are approached are essentially English principles. For example:

1. Civilization, in its meaning and motive, is Progress, moral and material. Political or cultural progress is Liberty; economic or material progress is Equality; moral or 'religious' progress is Fraternity.

2. Progress presupposes Law and Order; but the Law must be living and the Order organic.

3. A Democracy is a Body Politic whose organs function through responsible Representatives of the Commonalty and through a reliable Ruling Class.

4. Peace is the normal and natural state of a civilized Body Politic which has enough democratic elimination and exercise to maintain a healthy Constitution.

5. A democratic Constitution should represent every functional relationship real enough to be operated by an organ of an organic Body Politic; whether the organ be national or international, congregational or occupational, regional or racial, political or economic. It should thereby ensure a balance of power between Conservative and Progressive forces on a basis of Law and Order, cosmopolitan and communal.

6. War is lawlessness and disorder; but is the symptom, not the source of those evils. It is either remedial, like a skin eruption or internal inflammation; or it may, failing other remedies, end in decadence and death for the Body Politic.

7. This second German War indicates a recurrent disorder in the continental and communal organs of our European Body Politic that calls for an immediate operation.

8. Reconstruction is such an operation; it being neither mainly revolutionary nor merely evolutionary.

All that is old-fashioned enough. It is only when we come to the operation itself that we have to face our English distrust of anything new-fangled. An operation is never welcome, and is only too often postponed until too late. But, as a matter of fact, the operation we have to face is merely the removal of certain obstructions and adhesions so as to allow our new European Body Politic to be born naturally after a painful and protracted labour. Nor is there any time to be lost if we are to save it from the Caesarian operation of a barbarous Prussian surgery that may produce a maimed monstrosity. As for the remedy here recommended it is Federalism; which, as will be shown, is nothing but the fundamental formula of all government, presented in an unfamiliar form and function.

#### A BOOK ON THE GRAND INTERNATIONAL

Even with this natural, and in no way novel, remedy there is a danger that we may regard it as a panacea that will give a complete cure without any help from the patient. Or, perhaps a better metaphor would be, that 'Federal Union' is to-day being tipped as a safe winner. So that we have already been putting our money on colts from the Federal stables about which we really know nothing. And that, too, for an event like a Grand International to be run at the end of the war over fences at which favourites, however much fancied, will fall like autumn leaves. Whereas I, in respect of a race over such formidable fences, prefer to be a bookmaker rather than a backer. Make a bet on this course and you will surely

be broke; but make a book on it, and, at the worst, you will break even.

In making a book, one first considers the promising runners, their previous record and probable riders. Then, by calculating their present and probable backing for either a win or a place, one produces a practical proposition on which one cannot go far wrong and from which one may get quite a good result. In this way we find that 'World Federation' is heavily backed, but is also heavily handicapped; and that it is, indeed, being asked to carry the burden of Atlas or, at least, of a New Atlantis, over formidable fences. It is American bred and heavily backed there, but amateurishly ridden. 'Anglo-French Alliance' by 'War horse' out of the 'Armed Security' nightmare is more of a charger than a 'chaser' and, since it broke its rein and bolted the course, is out of the betting. 'Anglo-American Association' by 'Declaration of Rights' out of 'Democracy' is a useful animal and should run into a place. Its job is to make the running for 'European Federation' which is my tip for the event.

#### SAYING IT WITH BOMBS

Now, it is clear that to make such a 'book' in terms of political factors and forces would take a book as long as a modern best-seller and even less readable. In such book-making an author has to marshal all the authorities he can line up, mass all the arguments he can look up, and so march a Grand Army of 100,000 words for a mass attack on the public mind. But life these days is too breathlessly short for such long-windedness in art. An aggressive author nowadays has to say it with bombs. This has the advantage that one can go pretty straight to the point and impress pretty strongly any practical proposition that one considers obvious but, for some reason, overlooked.

This method also has the advantage of making it easier to put out of consideration controversial issues and one's own personal opinions. The problem of making a reasonably permanent peace will therefore be treated here professionally in

conformity with the principles and procedures of political science. Thus the problem will be regarded as an equation in the Balance of Power, moral and material—a problem which cannot be solved until reduced to its component factors and constants, of force. This reducing process will require an analysis of the principles of Federalism. Those who believe in Federalism as the basis of a reconstructed Europe should either adopt this analysis or make a better one for themselves. For, unless they appreciate that Federalism is really a democratic organism and not a mere diplomatic organization, they will not be able to produce a federated and federalized Europe that will be a growing organism for peace and progress and not a mere organ-grinding of national anthems.

#### RULES FOR RECONSTRUCTION

The present war will end either with a dictated or a debated peace. Proposals for a new Europe must therefore be, in quality, such as we might properly dictate if victorious, or that we might, if vanquished, properly debate. Further, for the event of a debated peace, the proposals must be in their quantities such as allow a wide margin for give and take. Finally, they must not be of a greater order of magnitude than will be commensurate with the continuance of the existing order. That is, they must represent an expansion and a reconstruction; not an experiment and a revolution. I sympathize with those young enthusiasts who, like Mr. Shaw, advocate a new vision and with those young energumenes who, like Mr. Wells, anticipate a New Europe emerging from revolutionary eruption. But, as an elderly politician and political scientist, with experiences from inside of several revolutions, I do not think it worth while to support these visionaries in a book, whatever I might do on a barricade. For one thing, because it is no use 'making a book' on a revolution. Revolution is a race over fences that are all rushed, on horses that are all running away, with riders that have never before been in the saddle.

Reconstruction, on the other hand, is, or should be, a routine responsibility of the ruling class. It is their business

to see that propagandists preach it, professionals prepare it, the public approves it, and finally, that politicians promote it. Of all these, professional preparation is the most important, though, with us, the most neglected. For reconstruction, if not so prepared, will be perverted into reaction by furtive interests or subverted into revolution by futile idealists. It will always be easy for interests to find more efficient Kapps, and for idealists to find even more eloquent Kerenskys. So far, our ruling class has so maintained its diplomatic efficiency that, at home, we have staved off revolution; though its democratic energy has become so deficient that we have stayed dangerously backward in reconstruction. Abroad, it has been less successful. Its combinations between transatlantic idealism and transpontine intrigue in 1918 resulted in a League which let down its supporters and landed them in war. There is danger to-day of the same combinations resulting in a 'Union' which might only be another Workhouse Infirmary.

Therefore, while recognizing the good work that is being done by the promoters of Federal Union in reviving faith in Collective Security and the Comity of Nations, some of us realize that this propaganda should now be given a practical programme. For, in letting the League idea go to Versailles unprotected by any such precaution, we made the same fatal mistake that its prophet, President Wilson, made when he came down from his democratic Sinai in Washington into the diplomatic dance round the Golden Calf in Paris. Now, the war had endowed President Wilson and his 'New Freedom' with a power and position for European reconstruction such as no idealist and individualist is likely to have at the end of this war, unless it be President Roosevelt and his 'New Deal'. Mr. Wilson had, moreover, a personal integrity and a political ideal that secured him a support from the peoples in servitude such as few minor prophets have had since Moses. Yet he himself never entered the Promised Land; and his followers have since found that it was not so very different from the Wilderness. Because his Tables of the Law had not been prepared with sufficient reference to the practical conditions in Canaan and the prestige enjoyed there by the 'Golden Calf'.



This book is therefore an attempt to bring the probable reactions of European peoples against this war into relation with the factors and forces available for reconstruction. It will have served its purpose if it provokes the production of better proposals. Whether this, or any other project presented in this country will be realized—I doubt. My country and my class have, I consider, done more in the past for European civilization than any other. But, of late, my confidence in their capacity for giving a lead has been shaken.

#### TOAD-IN-THE-HOLE

The most original and the least obvious proposal in what follows is for developing by degrees each Great Power, including Great Britain, into a national Federation, whose Federal States would form the constituents of a European Federation; and I do not underrate the difficulty of getting a second Reading for such a Bill. For a bill, of the other sort, depends for its value more on the acceptor than on the drawer, and the acceptance of this bill is in no way assured. Because there is a growing feeling of material insecurity caused by the mechanical and mental discoveries of science; and a general failure of confidence in Christianity and Civilization caused by disappointment with religious creeds and disappearances of conservative régimes. This has made mankind concentrate passionately on the comradeship in arms of his fellow countrymen and on the consolations of a religion consisting of the creed—‘my country, right or wrong’. Indeed, this Irish-American slogan has become, even for us English—‘Right means the rights of my country and Wrong means its wrongs.’ Therefore, anything that may be assumed at first sight to attack the ‘Divine Right’ of our sovereign self-sufficiency is antipathetic and unacceptable. We refuse to recognize that this sovereign self-centredness, whether expressed in embattled isolation and armed security or in escapism either to a Pacific Island or into an insular pacifism, is not only fallacious but has already proved fatal to our European neighbours. In spite of such warnings England and the Empire remain to-day the geocentric basis of our faith in our country and our culture;

even as Europe and the Earth remained the geocentric basis of faith in Christianity and Civilization until three centuries ago. Hence the opposition to enlarging our base from England and the Empire to Europe and the Earth will be of a similar order, though not, I hope, of the same obstinacy as that which obstructed for nearly two thousand years any scientific development of the discovery that the Earth was not the centre of the Universe, but only a satellite of the Sun. Eventually, the obvious deduction that Man was therefore not the Lord of Creation, and that the gods he had made in his own image were not its lawgivers, did, through the Reformation and Renaissance, free Christianity and Civilization from obscurantism and frame England in its Empire; but only after religious belief had proved to general satisfaction that the Earth stood still and the Sun went round it, by burning Giordano Bruno alive and racking Galileo until he recanted. 'E pur si muove', and it is indeed moving fast to-day on its appointed course that we call Progress. But unfortunately our political scientists know less about the laws ruling the motions of our Bodies Politic than the Pythagoreans knew about those of the Heavenly Bodies. Our political science is still at the stage of Astrology rather than Astronomy, and can only tell us that our Earth enters the field of Mars every twenty years, that trade depressions coincide with Sun spots, and that England and the Empire must sublimate themselves into Europe and the Earth if we English are to keep our place in the Sun and an Empire on which the Sun never sets. We really should by now have realized that, 'this earth, this realm, this England' is not a 'little World' at the centre of the Universe. The night sky provides proofs that England is a satellite of a Continental social system—proofs more impressive than those phenomena that convinced Copernicus that the Earth was a satellite of a Cosmic solar system. Nor need an Englishman, like Copernicus, prudently postpone publication of his proofs until safely on his death-bed. Anyway, the real proof of the pudding will be in the eating. The Germans have a riddle—'Why is the Sun not a Sausage'?—because—'Die Sonne geht im Osten auf und die Bratwurst im Sieden.' We

have now to get our British sausage safely out of the fire and into the frying-pan so that it may enter a new existence embedded in federal batter as a Toad-in-the-Hole. And, if you know a better hole, go to it.

#### PLAN THE PEACE

There is no doubt that, unless something is done by somebody somewhere, English culture and European civilization, as we know them, may be swept away with the social system they set up. 'If the English Constitution is destroyed the civilization of the world will be shaken to its foundation,' wrote Talleyrand from Erfurt at the apogee of Napoleon's career. And, in this Year of our Lord, the question whether our Christian civilization can be saved seems more imperative than the question whether it is worth saving. But, whereas the first question is being answered satisfactorily so far by our war-making, the second is not being attempted at all by our peace-making. Yet Peace will have to be prepared, even more elaborately and energetically than we prepared for war; though that is not saying much. For Peace will not only have to protect us from a war between European Sovereign States recurring every generation; but will also have to provide against war arising in the next generation between the capitalist and communist creeds centred in the propertied and proletarian camps. It is as an insurance against both these war risks that the proposals in the following chapters are presented.

What is now needed is a practical programme and procedure for converting the lawlessness and disorder of war into a new System of Law and a new Social Order. For it is not true, as we used to believe, that war can effect nothing good. Our social system has become so cancerous that no patent medicine, Children's Charters, Women's Suffrage, or Rights of Man, can ensure permanent convalescence or even a partial cure.

I have taken as a sub-title 'Plan the Peace and Win the War'. For, if we plan and proclaim a peace reconstruction that can be accepted by a minority of the enemy and by a majority of the neutrals, we shall double the likelihood of winning and also reduce by half the length of the war. Moreover, when we

have won the war we still have to win the peace; and all the bravery of those who win the war will be wasted if we non-combatants do not use our brains for winning the peace. If we have no planned reconstruction ready, approved, as far as can be ascertained, by the other peoples associated in it, the more decisively we win the war the more disastrously shall we again lose the peace. For a dictated peace that is not planned will be a partisan award that must again lead to war. A debated peace that is not planned will be merely a patched-up appeasement that will, as we also know, lead to war. We should already be planning our peacemaking as carefully and as courageously as we are, no doubt, planning our war-making.

#### AND WIN THE WAR

A good peace plan would shorten the war and help to win it. But planning peace has nothing to do with putting an end to the war before it is won. Nor has it anything to do with 'peace terms', though, as you will see, it will have the advantage of avoiding any peace terms or treaty at all. Still less, has it anything to do with 'war-aims', i.e. the terms on which we should be prepared to accept an armistice; and, in what follows, you will find nothing about that. A peace plan is essentially a reconstruction in terms of practical procedures and technical treatment, based on a realization of those truths and traditions which are intrinsic to the international relationship. Those truths and traditions exist in the minds of all Europeans, but most commonly find expression through the mouths of English and Americans. It is hoped that what follows may be of some help to English and American students of the strategic principles and tactical procedure of peacemaking. We have been put on the strategic defensive in our warmaking because we had no plan as to war. If we had had one, and proclaimed it, there might well have been no war. If we cannot take the strategic offensive as to the peace, there will be no peace. Let us plan our peace and proclaim it to all peoples of the world and then, with or without them, fight to that finish. That is one way of ensuring that we win the war; and there is no other way of ensuring that we win the peace.

## CABBAGES AND KINGS

Planning the peace means the same sort of sacrifices as winning the war. We have to give up some of our liberties as citizens in order to ensure and enlarge our liberty as a community. This larger public liberty will later allow larger and more enlightened private liberties. Once upon a time every yeoman considered it an essential liberty to own sheep and thereby be sure of having good food and clothing. Now, every citizen leaves it to the community to fit him with reach-me-downs and feed him with rations; but enjoys enlarged liberties in politics, literature, art, and so on. Federation means another shift of the field of Freedom; which is greatly to be welcomed because liberties, as distinct from liberty, become as obsolete and objectionable as did the 'liberties' of Westminster. Liberties should only be revived when they are essentials of a larger liberty. Thus, digging for victory and other defensive operations have destroyed the beginnings of beauty in the public gardens at my front door, and I hope to see that beauty more bounteously restored. On the other hand, enemy offensive operations having destroyed dingy brick walls round dusty back gardens behind, we residents have sensibly decided not to go to law as to the liability for rebuilding them, but to convert our private cat-runs into communal cabbage and carrot beds, turning the walls into brick paths. We even hope that the whole concatenation of cat-runs may eventually be reconstructed as a flower garden and playground for our side of the street. Though we can no longer play 'King of the Castle' against our neighbours we feel we are not only winning the war but planning the peace as we set out white cabbages and red carrots to a harmonious federal design, singing—for the benefit of the unfederated families over the way—

Savez-vous planter les choux  
à la mode, à la mode,  
Savez-vous planter les choux  
à la mode de chez nous.

## CHAPTER I

### FEDERATING

'The combination of different nations in one State is as necessary a condition of civilized life as the combination of men in Society.'  
(Lord Acton, *History of Freedom*, 1909, p. 290.)

#### THE BLESSED WORD 'FEDERATION'

**A**LTER chapter argues that a revolution in the conditions of War and in the Constitutional Order of Europe has cleared the ground for a new Sanction of Law and a new System of Order. This chapter will advocate that such a renovating reconstruction requires a further development in the democratic distribution of governmental power, and that both the new system of Order and the new sanction of Law will be, in fact, federalist. Further that this federalism must be internecine as well as international and must be regional, that is European, not racial.

During the six months of 'Sitzkrieg' that preceded the 'Blitzkrieg' there was great activity on the literary front. Peace Plans, War Aims, Declarations of Right and Denunciations of Wrongs went piling up in the pigeon-holes of under-secretaries and the paper-baskets of sub-editors. Meanwhile, the British public was wanting a word, a word of umpteen letters ending in 'ation' and meaning 'permanent peace'. What about 'Federation'? Were there not Federations in Greece and America? Are there not Employers' Federations and Miners' Federations? Will there not be federations in India and Mesopotamia?<sup>1</sup> Is not Federation therefore the Boss word, the Blessed Word? For the politically minded public

<sup>1</sup> 'As to general Arabian interests the two parties (Iraq and Arabia) confirm that they are agreed on a policy of mutual collaboration.' (Communiqué, Bagdad, 8 April 1940.)

is still mediævally minded in the matter of words and invests them with a moral value not necessarily involved in their meaning. It is also modern in following the fashion in Words of Power as it follows the fashion in Paris hats. In the last war the 'League of Nations' was the only wear; this war it is the 'Fédéral Union'.

Foreign peoples have already their master-words of power. Such are Führer, Duce, or Caudillo. In these the nature of the power is obvious enough. It is the autocracy, tempered with assassination, of the God King who, having sacrificed his subjects ruthlessly to his own glorification, is sacrificed ritually by them to their gratification. But what is the 'power' implicit in the word 'Federation' that will give us permanent peace if we write it into our cross-word puzzle of politics? Will it be 'power that like a pestilence pollutes whate'er it touches'—or will it be a 'power of the thought, a magic of the mind'? Will it be—to come down from Byronic tags to brass tacks—a Word of Power like 'League of Nations' that will only land us in another war? If it is so—as its opponents say it is—is there any alternative avenue to explore?

#### THE LEAGUE AND SOVEREIGNTY

Opposition to Federation is conservative and not constructive. The only alternative advocated is the revival of the League, and that only because 'it is better to bear the ills we have than fly to others that we know not of'.<sup>1</sup> The League was itself an ineffective experiment in Federalism that failed because its founders had no real appreciation of federalist principles and procedures. It is generally considered that the League failed because it was a diplomatic Confederation and not a democratic Federation; because it was composed of and controlled by Sovereign Executives and had no contact with pacific and progressive public opinion. But this is too simplified and superficial. The League failed mainly because the principal Sovereignities on which it was based, the Great Powers, had neither enough democratic sanity in themselves

<sup>1</sup> Prof. Berriedale Keith, *Causes of War*, pp. 26-46.

nor enough democratic solidarity between themselves, to let it develop itself from a diplomatic Confederation into a democratic Federation.

This want of solidarity and sanity was because the democratic *élan vital*, without which Federalism cannot either function or develop, had been bottled up and bound down in over-centralized and under-socialized Great Powers that were no longer really representative of those loyalties and liberties that are the lifeguards of democracy. For every civilized citizen is loyal to a whole series of allegiances which has to be apportioned to all manner of authorities in the pyramid of power, from Parish Councils up to Parliamentary Cabinets. Each of these political authorities and, in addition to them, any authoritative economic or ecumenical association such as a Trades Union or a Church Convocation, is entitled to some small share of the power provided by popular sovereignty. Unfortunately—owing to the course of the National Movements, of the Industrial Revolution, of the Scientific Age, and of Armed Autarchy, owing, also, to the concurrent decadence of democratic development—all sovereign power has come to be concentrated in the National Government. The Government of each Power governs its massed money-power, manpower and munition-power by power politics. These power and pressure politics are practically diplomatic when professing to be democratic and predominantly despotic when professing to be demotic—the diplomacy by which democratic Governments humbug public opinion through press propaganda and the despotism by which dictatorships bully it with pressure politics. And, what is worse, each Government has, at best, a diplomatic and, at worst, a despotic relationship with other Governments in regard to a responsibility for a region which has, unbeknownst, become a continental civilization and an economic entity of Europe. So long as such national sovereignty lasts, a Federal Union of Europe will fail, even if it be built on citizens instead of on sovereignties. Until its democratic basis is in constituencies of less diluted and debile democracy than that of the Great Powers, whether Governments are Conservative or Communist, Liberal or



Labour, there can only be 'anarchy amidst a noise of endless wars'.

#### FEDERATION AND SOVEREIGNTY

'Federal Union', we are told, is the panacea. It sounds too easy. Indeed the first transcendental, transatlantic vision of a Federation of the World appears to the eyes of the more expert or less inexperienced European as either Utopian or Laputan. World Federation at the Utopian extreme seems to be little more than subscription to a Declaration of the Rights of Man which, for want of sanction, will remain a dead letter; since its application will be obstinately opposed, however desirable and indispensable. Thus the French Declaration of the Rights of Man, that was in itself a revolution and a revelation, though it was drafted by Talleyrand, yet none the less was denounced by Burke as a 'digest of anarchy'. Certainly if the sanction of such a Declaration is to be the right of one State to impose its own interpretation of the Declaration on another, our Utopia would be a diurnal anarchy and a diurnity of indigestion. While, if Federation, at the other extreme should mean merely federating the forces of certain selected peoples for the imposition of a penal peace on others, then it is Laputan—a dotard diplomacy. Yet our Federation must find a function for both these features of Federalism, the Declaration of Rights and the Defensive Alliance—the former, as a preamble to the new Constitution of Europe, the latter, as a procedure for policing Europe until peace is constitutionally established. But let us bear in mind that, by themselves, these would aggravate the essential evil in Europe which is the rivalry in self-assertion and self-aggrandizement, in usurpation and unruliness, between the Great Powers.

That the 'Route Nationale' from Versailles to Geneva ran straight through the old German war-front was obvious to many of us who were working on the first stages of the League a quarter of a century ago. Our fears have since been fulfilled, and after nearly a century of propaganda and promotion, the League is comatose or a corpse; while our country and our continent are in a crisis of what may be a fatal disorder.

In this crisis our continent has been partly cajoled, partly coerced, into submitting itself for treatment in the clinic of Hitlerism's 'New Order' based on a Prussian supremacy and the slavery of Europe. But our country still survives to seek peace and ensue it in a new Law and Order based on Liberty, Equality and Fraternity. So those of us not wholly engaged in procuring the victory which alone can validate our views can be wholesomely employed in examining whether Federation provides the principles and procedures we require; and whether we are likely to make the same mistake with it as we did with the League of Nations: the mistake of leaving it under-powered and letting it be over-loaded. And those of us who have any experience in foreign politics or are at all expert in political science will at once remark with alarm that the proposals for federation which have most popular appeal are those which are quite impracticable; either because they are on too wide or too narrow a basis, or because of some fundamental failing. In fact, experts, who might have been usefully analysing the difficulties of federation, have been busied demonstrating the aberrations of the federalists.

#### FALSE STARTS TO FEDERATION

There are four main avenues of approach to federalism, of which three I believe to be aberrations. Our first approach, and the one most attractive to us in the past, was by way of the alliance in arms between ourselves and the French. This federalism, based as it was on Anglo-French military controls and co-operations, was defensive, not democratic, in its origin and objective; and its final phase in the offer of a 'Solemn Act of Union' could indeed only be taken seriously in that sense.<sup>1</sup> Although the military emergency would have justified the sacrifice of patriotic sentiment and political science that

<sup>1</sup> From *The Times*, 18 June 1940:

'British Offer to France. An Act of Union.

'It was announced last night that, with the object of assisting France and supporting her to the utmost in the hours of stress through which she was passing, as also in the hope of encouraging the French Government to continue their resistance, the British Government had offered to conclude a solemn Act of Union between the two countries,' &c.

was involved, our offer was refused. It was indeed well that it was; for political Union between the French Empire and the British Commonwealth, between the most military and the most maritime race, between the most bureaucratic and the most 'borjoy' ruling class, between the most hard-headed and the most soft-hearted of peoples, could never have been extended peaceably beyond comradeship in arms. Until a century ago British and French were hardly ever at peace; and such diplomatic unions for defensive purposes generally dissolve in war. They are dangerous because undemocratic; and it was the association with France that ruined our peace-making after the last war and very nearly ruined our war-making in this one.

To-day, when Americans are affording us military and moral support in the same generous measure, though not as yet by the same general means, as that with which we supplied the French, it is natural that the approach to Federalism which has most attraction for most of us is by way of Anglo-American association, first in war-making then in peace-making. But some authors have advanced by this approach so far as advocating formal Anglo-American Federation as the difficult but indispensable first step towards European or World Federation. Now this is again too much of a good thing. Americans are very handsomely paying the piper for the new pipe-lines for supplying armaments to the democracies; and when the piping-time of peace comes they will as honourably call the tune. All the more if by then—

Fairshon had resolved to extirpate the vipers

With four and twenty men (as well as) five and forty pipers.

But the tune won't be 'Rule Britannia' or even 'Land of Hope and Glory'. We may again be appeased with a Glory that is all too soon defunct and a Hope that is all too long deferred. But Americans will require a return on their investment in European Democracy or else a reconstruction of the bankrupt business they have saved from liquidation. Our silence as to Peace Aims has prepared them for as little, or rather for as much, from us as they experienced at the hands of the French

and others at their last peace-making. In vain therefore, is a Federal net of 'entangling alliances' spread in the sight of so wary a wild-fowl as the 'Bird of Freedom'. No—Federation by admissions to the British Commonwealth is patriotic sentiment, not practical sense. Americans and British are associated in an honourable hatred of Hitlerism. But the Commonwealth could never be the 'New Order' of a 'Hymn of Hate'; for it is no more, and no less, than an 'Ancient Order of Sons of Harmony'.<sup>1</sup> Finally the British Commonwealth could not be federated; Americans and others would not federate with it; and, if they did, it would not be the British Commonwealth. It would be a diplomatic defensive alliance with offensive liabilities and still more offensive limitations.

A third approach to Federalism, which has found much sympathy in the United States and some support in the United Kingdom, is by way of federating a selection of suitable democracies; the selection to be by a 'Common Entrance Exam. in democratic principles, the unsuitable being sent back for further education. Its popularity is probably due to its being based on a simple 'religious' qualification that seems to ensure sufficient solidarity between all manner of races, régimes, and regions. Unfortunately, 'democracy' has no longer the orthodox religious appeal that it had a century ago. What we mean by democracy, i.e. parliamentary party government, is discredited as a procedure—even in the countries that still accept democracy in principle. What other people mean by 'Democracy' can be either 'Government of the people,

<sup>1</sup> This is an historical illustration. King Coel the Old (seventh century) was the last King of the Romanized Britons before they were driven into Wales by the savage Saxons. The King, with his Arthurian culture and Celtic civilization, is still commemorated on convivial occasions.

Old King Cole was a merry old Soul  
and a very good song sang he  
he called for his pipes and he called for his bowl  
and he called for his fiddlers three.  
So twiddle-eedle-tweedle went the fiddlers . . .  
and twingle-ingle-twangle went the harpers . . .  
and tootle-ootle-tootle went the trumpeters . . .  
and twaddle-waddle-twaddle went the Counsellors etc.  
for a very good King was he  
and there's none so rare as can compare  
with the Sons of Harmonee.

for the people, by the people' (through direct and indirect representation) or it can be 'All power to the Soviets' (through a multiple representative system) or it can be 'Liberty, Equality, and Fraternity' by a representative revolution. Democracy is therefore neither a simple nor a satisfactory 'religious test' and its solidarity seems somewhat insufficient. For now that Athenian democracy is defending its last ditch against Persian despotism 'it's not only the Germans in Greek that are sadly to seek'—save only Greece—and Greece is a dictatorship. Moreover, the 'select list' of Grecians would defeat the most expert examiner. In the original selection by Mr. Streit in *Union Now* the fifteen democracies<sup>1</sup> were distributed over four continents. It included two democracies, Eire and Sweden, whose neutrality has imperilled the cause, as well as six who for various reasons would not or could not join; while it excluded five who fought: Spain, Poland, Greece, Yugo-Slavia and Albania. Mexico, Czechoslovakia, Egypt and China were either not democratic enough or too democratic.

Selection is, however, simplified, and indeed becomes superfluous if Federation is confined to a continent and commences with Europe. For as soon as we win, all European peoples will rally round the old flag and will accept our definition of democracy if it is not made too difficult. Moreover, as will appear in later pages, there can be no real peace or progress in Europe until all Europeans, including Germans and Russians, are included in post-war reconstruction. A Federation of European democracies to the exclusion of dictatorships would divide Europe into two armed camps; whereas the whole point and purpose of the federal principle is to prevent such defensive divisions. So that the fourth and last approach to Federalism by way of political science is that which will be favoured here. This, it will be found, restricts Federation to a definite economic and ethical region in which democracy can develop, such as is the European Continent.

<sup>1</sup> Mr. Streit in his latest federal flight airily abandons Europe to Hitler and advocates an Anglo-American Union. Post-war reconstruction is a matter now for serious study not for sentimental stunts.

## FULL STOPS TO FEDERATION

Proposals for a European Federation, energetically pressed by earnest advocates and enthusiastically approved by their audiences, have somewhat prejudiced this as a practical proposition; though their propaganda has usefully advertised it as a principle. On the other hand, this and all other approaches to Federalism have been attacked in principle by academic critics, mainly by reasserting assumptions generally accepted in the past and as generally abandoned in the present.<sup>1</sup> Thus a severe summing-up of such objections and a very judgmatical judgement in their favour has recently been published by one of the best of our constitutional lawyers.<sup>2</sup> He begins, however, by misstating altogether the case for Federation. Federation is required not because 'anarchy is inevitable *under* national

<sup>1</sup> It is, I fear, an unfortunate fact that, in times like these and in tasks like this, constitutional lawyers can help us very little. For, naturally and necessarily, lawyers are concerned with established forms; while, equally naturally and even more necessarily, we laymen have to concern ourselves with the forces which are establishing new forms. Take, for example, the authority to which everyone would refer for the constitutional principles and the conditions precedent of Federalism—I mean Professor Dicey's *Introduction to the Study of the Law of the Constitution*. How assured and unassailable the law of Federalism as there laid down seemed to us a generation ago. The very title inspires confidence by its modest and measured approach to the Ark of the Covenant. Yet apply one of these statements to present-day problems and you will find it melt into smoke as would the Great Seal itself if you used it to put out an incendiary bomb. For example, such a statement as 'A Federal State derives its existence from the Constitution . . . it can flourish only among communities endued with the legal spirit.' If that is true, then Federalism is only a legal fiction and not the living fact it seems to political science.

Or, take a more recent example, *Federal Illusion* by Mr. Pritt, K.C., M.P. He first cites Professor Dicey to show that the federalism of 'Union Now' is inapplicable and impracticable—and quite right too. He next has 'to correct Dicey's analysis by a historical approach because each Federal State has grown up in circumstances peculiar to itself'—and quite right again. But then, on the strength of the first, he claims a verdict that *all* Federalism in the Capitalist System is only a 'Smoke Screen' and, in virtue of the second, that *only* the Federalism of the Communist system is the Pillar of Fire that will lead us to the Promised Land. If this were so it would be sad, for I doubt that one in a thousand of the English would follow this pillar of fire. Because the Red Sea has recently often failed to drown Pharaoh, and because the Promised Land seems short of the milk of human kindness and honey of Hymettus. So that Mr. Pritt's undistributed middles and Marxian dialectic only prejudice the case for reconstruction without promoting the cause of revolution.

<sup>2</sup> Prof. Berriedale Keith, *Causes of War*, pp. 26-46.

sovereignties'; for at present autarchy would seem to be even more inevitable. It is required because anarchy is inherent *between* national sovereignties. It is required not because 'a super-State must exist to prevent the lawless activities of Sovereign States'; for the lawless activities of Sovereign States under gangster Governments are now being and will always have to be suppressed by war, by a *posse comitatus*, not by a cosmopolitan police. It is required because Europe requires now a suitable Governmental authority within this continent; just as once England required it to prevent pursuit by war of the interests and ideals of different races and regions within this island. The historical evidence adduced against the success of the Federal principle will be shown later not to bear examination; and is anyhow beside the point. For Federalism is not merely a governmental procedure for preventing the present political and economic evils of 'National Sovereignty'. National Sovereignty is, in one sense, a legal fiction, still unfortunately favoured by our professors of constitutional law, and, in another, a focus of loyalties for which, fortunately, our patriotic citizens are still ready to fight. The present purpose of Federalism is mainly to free patriotic loyalty from trammels of legal pedantry, and from tribute to licensed piracy.

Federalism is fundamentally both a remedy for legalism and a reinforcement for loyalty by enabling us to win the war by planning the peace. For it is an application of that universal principle of good government which prescribes that, in a democracy, governmental authority, both legislative and administrative, must be distributed and delegated throughout the social strata, the political structure and the economic stresses of the community or continent, so that it not only resides in, but is representative of, the people. National Sovereignty will then be a living fact and not merely a legal fiction. So that, where Federalism has failed, the reason generally has been because, as an organization, its authority was insufficiently distributed and delegated and, as an organism, it was not rooted in the people and so could not grow. In such a case, Federalism may become as defunct and dangerous as any decadent democracy. As to how dangerous democratic

decadence can be, take the recent collapse of France. Owing to the central concentration of power in a capital and in a class that did not represent the real life of France, democracy in France became so corrupt and incompetent that the people would not fight for the State. Had France been a union of free peoples, like our Commonwealth, the fighting French would not to-day be exiles in England. This would seem obvious; yet we find the Professor summing up as follows: 'the difficulties of securing a working Federation which would not be more dangerous to France and Great Britain than the status quo are prohibitive', and 'it would be the ruin of British ideals to follow the *ignis fatuus* of Federation'. Whereas, if we do not deal with the 'difficulties' better than we did after the last war, they will deal with themselves as they are now doing in the fraudulent federalism of the Prussian 'New Order'. As for 'the dangers of the status quo': they have already, since the above was written, been very violently the ruin of French ideals. They may yet be the ruin of British ideals, if learned adversaries of Federalism who cannot see the wood for the trees, dismiss it finally as an *ignis fatuus*; or if advocates who are 'making fire of all wood' discredit it fatally by a too fatuous ignorance.

#### UNION REQUIRES UNITY

Sentimental societies and socialists too often assume that all that is necessary in order to make the Story of the Nations end happily is somehow to get any two parties up to the first available altar and join them up in some sort of legal Union, leaving the ethics and economics of the marriage to look after themselves. And if you ask why the sort of marriage called Union of Democracies should be a more felicitous or more fruitful state of matrimony than that called League of Nations, you will be told that the League unity failed because it was only a diplomatic Confederation and that a Federal Union would function because it would have a democratic Constitution. Whereas, really, the security against war either in a League of Nations or in a Federal Union is not determined by



the form of the 'real union', but depends on whether there is in fact any real unity. Thus, the United States had one of the best federal constitutions but also one of the worst of civil wars when the Slave States seceded (1861-5). Again, Switzerland had a federal constitution, much used as a model; but also had the civil war of the Sonderbund when the Catholic States seceded (1847). A Democratic Union of Europe, with parliamentary government, universal suffrage, regional representation and a federal constitution on the best model, would not prevent war. Such war might be either between the Democracies and the Dictatorships, like the American War between the Free and Slave States, or between Capitalism and Communism, like the Swiss War between Catholics and Protestants. Quite possibly its inception might precipitate such wars as it has lately done in Germany and Spain.

The only strong Federal Constitutions working at present are the direct result of rebellion or revolution. One of the most striking has an intricate interlocking of economic, regional, and national representation, a reconstructive ruling class, recruited from all its races and regions, and a religion of civism that is practised as well as preached. Its solidarity is, in consequence, such that its Federalism can allow large liberties to the forces of freedom in certain fields. But, if we want Federalism with Freedom without the human sacrifices of a social revolution, the only way of getting it is by a slow systematic reconstruction such as is hereafter suggested. Without either organized revolution or organic reconstruction, European Federal Union could have no real unity. Without some universal unity throughout Europe representatives sent to a European Congress would be merely 'instructed delegates'; either of the Great Powers sent to prosecute their imperial enterprises, or of the minor peoples sent to protect their petty interests. Such a Congress would not have much more democratic vitality and virtue than pseudo-parliamentary powwows like the official League of Nations Assembly or the semi-official Conference of Pacific Relations. In the former, a parliamentary delegation of the Government party carries out the instructions of its Foreign Office as in the case of a

**Confederation.** In the latter, delegates from all parliamentary parties carry out the instructions of semi-official experts as would be the case in a Federation, the result in either case being the same. A democratic Constitution to unite the Great Powers and lesser peoples of Europe under a single Government invested with Sole Sovereignty, with Executive Authority, and with the Power of the Purse, is impossible. There can be no such manner of European Union because there is as yet no such measure of European unity.

The assumption that a European Community will be created by a European Constitution is putting a cart without wheels before a horse that is not there. It is even less convincing than the claim of a Hindu who has been to Harrow that the Indian continent will become a democratic community of 'India' if he is allowed to give it the democratic Constitution of Great Britain. For, in India, the princes are but mild prototypes of the Dictators, and the Indian war of creeds is but a minor peril compared to the European war of classes. So that professorial faith in the salvation of Europe by a representative Constitution is really as dangerous as proletarian faith in salvation by a Communist revolution. More dangerous indeed, because revolutions in western Europe, especially in Great Britain and Germany, can only be made from the top; whereas, as will be shown, reconstructions of Europe can only be made from the bottom, beginning with Germany and Great Britain.

#### FEDERALISM A FORM OF DEMOCRACY

Government by the people, of the people, for the people is not a graven image raised by Constitutional Law, but an immanent growth rooted in communal culture. An academic analysis describes national democracy as governmental power, derived from representation of the common interests and ideals of a community in respect of (a) race and/or ruling class, (b) region and/or realm, (c) régime and/or religion. Federalism is a form of government of which the 'federating' function is to develop a central governmental authority and administration in cases where the absence of one or more of

these factors rules out a real national government. Another function of Federalism, the federalizing function, is to distribute governmental authority and decentralize administration where these factors are so diluted and dominated as to rule out a really democratic Government. Thus, a democratic National Government can only be founded on all three factors; but a democratic Federation can be founded on two; and a democratic Confederation on one only. If you try to 'federate' when you have only one factor, and consequently only enough democratic force for a Confederation, you will get war; as in the cases of the American Civil War and the Swiss 'Sonderbund'. Again, if you refuse to federalize an over-populous, under-powered democracy in which the democratic factors have not enough force for a National Government, again you get war; as in the American War of Independence or the Irish rebellion. You cannot form a European Federation out of Sovereign States because you have only the last factor; but you could form a Confederation as we did in the League—and precious little good it did us. Because, sovereignties not having been federalized, the factor had no force. Again, in principle, you could federate the British Empire since you have both the first and the last factors; but, in practice, you cannot. Because suspicion in the colonies of the undemocratic supremacy we once asserted has so invalidated these factors that any return towards a Federation would be resented. The effect would only be to destroy the existing unity and unanimity of the Commonwealth as a Confederation under the suzerainty of a Constitutional Monarchy and in the solidarity of a common mother-country. Every country, community, or continent gets the Federalism it deserves or dies. Greece died because it could not centralize power by federating; Rome, because it would not decentralize it by federalizing.

#### DEFICIENCIES OF DEMOCRACY

The immediate fate and ultimate future of our continent and country depends on the federalism which can be developed by democracy. This reconstruction is now in the hands of

three trustees; and it is not a strong Board. The United Kingdom is not really a fraudulent trustee; but it seems incapable of putting its social-democratic parties in power or even of keeping them in office for more than one year in ten. The Union of Soviets is not really an undischarged bankrupt; but it is developing new forms of socialist democracy that are regarded with distrust and defiance by British and American propertied democracy. The United States is not really a defaulter on its bond; but it is paralysed every fourth year by its Presidential election and is precipitated by any menace of world war into passionate isolation. Nor is each democratic Body Politic as a rule any stronger than its Government. Capitalist electorates are as divided as are capitalist enterprises between the competing interests of property-owners and producers. This has the result that they can be penetrated to the point of civil war by the National-Socialist propaganda of aggressive gangster Governments that are, in fact, neither conservative nationalists nor progressive socialists. Organic federal association between the democracies is their only hope. But, in order to conform to the fundamental conditions required by a Federal Union, the federal units must have got, or be given, a unity of race or ruling class, régime or religion, region or realm. All these political conditions can be got in time by education and evolution, except the geographical. This exception excludes an Anglo-American Union. Geologists tell us that Europe is approaching America at a rate of inches per year; and it would probably take about as long to unite Europe and America politically in a common realm as it will to unite them geologically in a common region. We can organize united action between the intuitively internationalist Europeans and the instinctively isolationist Americans for an emergency; but the only possible organic union for Europeans is one that comprises, and is confined to, the European continent.<sup>1</sup>

<sup>1</sup> This is the conclusion almost unanimously reached by French Federalists such as Briand, Barthélemy, Blum, and Herriot. Such Federation by continents is, of course, open to the objection that intercontinental wars would be worse than international ones. The answer is that when, in some future century, continents reach such a degree of political union and economic solidarity as to be capable of waging war with one another, our descendants will, no doubt, develop the League into a World Federation.

## FEDERALISM REFORMS DEMOCRACY

This brings us to the second function of Federalism which is that of revitalizing democracy when its force has become deficient. Federal procedure is useful, not only for federating, that is, for putting together a federal superstructure over States whose common democracy has outgrown the restraints of those States; but also for federalizing, that is, for underpinning with subordinate substructures a State that has overgrown the strength of its democracy. This second function is of the first importance to those who believe that democracy is indispensable to peace and progress: because we all of us have learnt by bitter experience that the more populous and powerful a State becomes, the more imperialist and the less internationalist is its pattern of behaviour. Some of us might have learnt from a classical education, though I did not, that the wider the field in which democracy has to function the weaker its force.<sup>1</sup> For example, the government of a city like Athens or of a country like Denmark has more democratic vitality and virtue than that of a cosmopolis like Paris or of a complex like the French Empire. In terms of democratic unity Eire is more democratic than England, England than the Empire, and the Empire than Europe. Moreover, this political law is confirmed by a corresponding physiological law. For it looks as though such a loss of reconstructive vitality was accompanied by a loss of reproductive vitality—and as though the larger the growth of population the less its power of growth. Artificial attempts to stop the decline of the birth-rate in Italy have failed and similar attempts are failing in Germany. It would seem that Nature has provided by these two laws a process to prevent peoples exceeding the proper limits within which they can progress peaceably without their having to have recourse to wastage by war. In the meantime all we can do politically is to increase the reconstructive forces of democracy by reducing its field of action.

<sup>1</sup> Aristotle accepts as an axiom that good laws are impossible in populous States. His ideal community and constitution are those of the City-State.

## FEDERATION AND EQUALITY

The reconstruction of democracy by decentralization is doing its good work automatically, whether we assist it by formal federation or no. But it can be artificially accelerated by those who will take the trouble to study its not always obvious operations. For example, after vainly for a century beating up against a trade wind, the British Empire has now 'run down its easting on a great circle' by changing course in a decentralizing direction and creating new democracies like the Dominions, India, and Eire. The United States, which was, a century ago, centralizing into one democratic nation, is now just past the turn of the tide towards a restoration of its democracy through State Right. The Germanic Empire, after a long process of unifying that ended with the Weimar Republic, has now been forcibly made uniform in one national and totalitarian State, which can only result in a violent decentralization—as will become apparent after the war, and as will be analysed in the next chapter.

Therefore, if Federal Union is to succeed, it must be more democratic in its drive and direction, in its virtue and vitality, than was the League of Nations. It must lay its course and sail with the wind and tide of democratic development which is carrying us towards decentralization and federalization. In so doing, it will avoid, not only the storms that struck the British Empire and United States and that stranded the League; but it will also avoid a reef on which other federations have foundered. That reef is any important inequality as between the units of the Federation which destroys its democratic liberty and fraternity. Federalism being the greatest common measure of freedom must be based on liberty, fraternity, and equality. Liberty can be secured by requiring, as a condition of entry into the Union, that the Declaration of Rights which would preface its Constitution should not only be approved but applied. Fraternity can be insured by the new peace being agreed and democratic, and not arbitrary or dictated. The reef that wrecks us is generally inequality, for equality requires that the States composing the Federation

should be of the same order of magnitude. There, we come up against the real problem; an understanding of which can only be got by a study of the history of Federalism.

#### FEDERATION IN AMERICA

The history of the American Federal Union is instructive in this respect. The 'Mayflower Compact' (1620) and the 'United Colonies of New England' (1643) were established on equality. But first the French imperialist menace and the movement against British imperialism, and then the practical effect on considerations of defence, of the growing preponderance of certain colonies, caused Franklin to submit to the Colonial Congress his first plan (1754) and his second (1775); both of which proposed representation of the colonies proportionate to their importance, and both of which were rightly, for that reason, rejected. The subsequent 'Continental Congress' was consequently only a loose Confederation of Sovereign States. The 'Articles of Confederation' left the States their integral independence, subject to certain contractual concessions, e.g. as to treaty-making and war-making. As this failed to fulfil what had become the first function of the Union, that of making a defensive front against the British Empire, there followed the Federal Convention (1787) and the present Constitution. But this fulfilment of the external war-making function led eventually to a failure in the function of maintaining internal peace. Had the Union remained a Confederation it might have kept the peace between the Free and Slave States until slavery reached its ethical and economic extinction as elsewhere. Moreover, as Lord Acton argued, the Union thereby lost the opportunity of combining the whole of North America in a Confederation of four Federations—the Anglo-German Federation of the East and Centre, the Anglo-Negro Federation of the South, the Anglo-Spanish of the West, and the Anglo-French of the North. If this be so, then Federalism in North America failed of its full development by being diverted to a defensive purpose; which is the mistake that we might have made in an Anglo-French 'Union', from which

we were saved by the French; and which we might make in an Anglo-American Federation from which we shall be saved by the Americans.

#### NO FEDERATION WITHOUT FEDERALIZATION

Only two other examples need be mentioned here of inequality impeding federation and they will be examined more fully in the next chapter. The predominance of Prussia in the German federal system is the reason why democracy has periodically failed in Germany to the repeated disturbance of Europe. The predominance of the English in the partnership with Ireland is the reason why democracy has partly failed in Great Britain, to the detriment of progress in England. You will never get democratic drive enough to unite the European continent into one peaceable and progressive policy by steady stages of Confederation and Federation unless, and until, you so decentralize as to represent the European electorate more equally and effectively. This you can best do by a reduction of such overgrown democratic fields and by a renovation of such outworn democratic forces as those of the Great Powers. With democracies, as with dinosaurs, the larger the body the lower the brain, a formula more explicitly expressed by Professor Toynbee.<sup>1</sup>

It follows from this that, if you federate Europe into one Union State, you must federalize England into one United States. You can then provide France very practically with the collective security it requires by federalizing Germany. And you can do the same for Germany by federalizing France. The proper, but not penal, German disintegration and disarmament that we should thus get would not involve us in having to fight Germany for possibly two years longer than we need, nor in having to fight another punishing war to impose another punitive peace in twenty years. For the Germans

<sup>1</sup> 'There seems to be some warrant for the formula that, as a rule, the social effect of geographical expansion in an outward direction from the geographical centre of a civilization towards the periphery is equivalent to a retardation of social progress in the Time-Dimension.' (*Study of History*, Vol. III, p. 134.) See also Aristotle.



—in order to escape the infliction of totalitarian Nazism, and to evade the infection of totalitarian Communism—would, as a whole, welcome the restoration of Federalism in Germany; provided that such federalism were a general qualification for entry into a Federal Union. German National-Socialism could be reconciled to a re-establishment of 'Rome Rule' in Austria and Bavaria if, for the same reason, British National-Conservatism would resign itself to an extension of 'Home Rule' to Scotland and Wales. So that, by federalizing as well as federating, we can make our European Union a moral fact and not only a military fake; and thereby we can get, under almost any conditions of war, the voluntary participation of Germany in our peace. For, the Germans resisted disintegration in 1919 as an attempt to destroy their national unity; but, of themselves, resolved to maintain a federal system. They also rejected disarmament, because the Allies did not also themselves disarm after imposing it on Germany as a penalty. They will now reject a restoration of federalism in Germany if it be imposed as a prohibition of their newly won racial unity and a penalization for their having achieved it by aggression. But they will not refuse to federalize either on the model of the First or Second Reich—according as to whether the Fuhrership survives or succumbs—in order to qualify for participation on equal terms with British, French, and Russians in a European Federation.<sup>1</sup> The French chefs have more than once done their best to cook the German goose; though this time they cooked their own. But, if sauce for the goose is also to be sauce for the gander, Berlin will admit that—'*ne gute gebratene Gans ist 'ne gute Gabe Gottes.*

#### A HOOK FOR LEVIATHAN

The real problem therefore is, how to redistribute governmental power for peace through the whole pyramid of relation-

<sup>1</sup> Please remember I am planning a reconstruction for which we could continue to contend, supposing we were in the present position of the French, or which we could impose if, as is probable, we are in the position of the French after the last war; but without incurring the calamitous consequences that they do and did. You will see how it would work in the next chapter.

ships between man and man. How to convert that centralization of sovereign authority and that segregation behind armed frontiers that now makes the Great Powers a power for war-making, into a decentralization of sovereignty and a system for collective security that would make the Great Peoples a power for peace-making. It is the Great Power that is the 'Hobbes' Leviathan, and the real reason why 'the life of man is solitary, poor, nasty, brutish, and short'. It is just as much a Leviathan whether we loathe it or love it. Whether it is a gangster Killer Whale with a voracious carnivorous head and a body of hard-boiled devotees, or a gentlemanly Right Whale with a head full of stay-bones and a body of half-baked voters. In either case, Leviathan must be liquidated. But, could The Hague do it? could Versailles do it? could Geneva do it? Why, no! Well, you may ask then: 'Canst thou draw out Leviathan with a hook?' Why, yes! It could be done if Leviathan were tempted with a suitable bait and given time to take its hook slowly. If, in other words, in order to make diplomacy democratic in principle, we make democracy diplomatic in procedure. Nor is there anything sinister in such a suggestion. For whatever diplomacy may be, it ought to be only the art by which enfranchised citizens or free communities arrive amicably at their agreements.

Now, as a hook for Leviathan or a democratic diplomacy, Federalism offers great opportunities. It has, so far, only been advocated as federating—as setting up a super-sovereignty to which national sovereignties are to be subjected. The objection to this is that the League, working in this way from the top down, could not effect such a subjection—and that a Federal Union could not do so either. But Federalism fortunately, can also be made to work from the bottom up. So if we *federalize* our units of power as well as *federate* them, we can build our European Union up from below on a really democratic foundation and not merely with a democratic façade. European Leviathans, like African elephants, will not carry a howdah even though it be occupied by a Parliament of Man. But, if you can fish for Leviathan in troubled waters you can put him into a

receiver ship and liquidate him into oil on the waters he has troubled.

If we are going fishing for Leviathan in a federal whale-boat, we must trim our sails to any decentralizing wind and row with any stream of devolution. If federalists are really democratic, as they claim to be when condemning the League for being diplomatic, they must be prepared to face a Leviathan in a flurry. They must recognize that their own pet national or imperial Leviathan must itself be swealed down if it is to be stopped from swallowing others up. British Liberals and Labourites must give up all hope of leading their Leviathan to the light by educating it in the philosophies of Bentham and Bakhunin. British Conservatives and Communists must give up all hope of keeping theirs in the dark by expositions of the power-politics of Machiavelli and Marx. We must all make up our minds that our imperial Leviathan will, in the New Europe, be a fish out of water and cannot go on making as good a living as it did in the sea.

‘Master, I marvel how fishes live in the sea.’

‘Why, as men do a-land—the great ones eat up the little ones.’

#### PROPOSED FEDERAL STRUCTURE

What then have we to do and how might it be done?

1. The States which are to be the new units of the European Union must have (a) equal rights, responsibilities, and representation; (b) equivalent restrictions of their armies, navies, and air forces; (c) equated populations of less than ten, and more than five, millions. That is, a Nation with a population of more than ten millions must federalize itself into a Federation of States, each of less than ten and more than (two?) millions. If the Nation be less than five millions, then its Government must federate with other Governments, and enter the European Union as a Federation; if it be between ten and five millions it enters as a Nation. Nor is this limit of ten millions so artificial and arbitrary as it sounds. Because it allows all really homogeneous peoples below that

limit to become a Member-State as a Nation; and only breaks up into a Federation of multiple Member-States those people with large racial and regional minorities—these latter being wishful for, and worthy of, autonomous self-government. But a numerical unit is more simple and less suspect than some denominational formula as to a right of self-determination; and in any case it is not as arbitrary as the constituencies into which British and French democracies are now divided.<sup>1</sup>

These States would be represented in the Union Council each by two members appointed by the State Parliament; and, in its Congress, by one member per million of population. This would make about four hundred members of Congress elected by universal suffrage with P.R. and the transferable vote, this system being preferable to any other for the proposed purpose. The relations of these States to their Federal Governments in London, Paris, or Berlin would be regulated by their Federal Constitution, which would conform to principles laid down by the Union Government. This Constitution would reserve, for a provisional period, say ten years, to the National Federations (former Great Powers), their sovereign supremacy in respect of responsibility for maintaining the external peace and internal police of the Continent. During that period, which might be prolonged on proposals from the League, the European Union would be in nature, though not in name, a Confederation (*Staaten-Bund*); and the functions hereafter proposed for it are such as could be fulfilled by a Confederation. All Powers not provisionally attributed to the National Federations or permanently assigned to the Union Government, would be vested in the States Governments by their federal Constitution. At the end of the provisional period the Union Government would assume responsibility in respect of peace and police and would become, in effect as well as in form, a Federation (*Bundes-Staat*). The essential effect of

<sup>1</sup> The limit of twenty millions, proposed by Dr. Stern Rubarth, is too large. Dissent by a Federal State of this size would mean deadlock; and defiance by it would mean disintegration. Moreover, the Great Powers would be as unwilling to federalize into States of twenty millions as into States of ten; and it would be unwise to allow States of this size to prolong provisionally, as National Federations, the predominance they had enjoyed as Great Powers.

this process would be that the Union Federal Government would develop its associated security, and the Great Powers would divest themselves of their armed security as fast as conditions allowed. The eventual end in view would be that a World League would secure peace between continents; a European Union would ensure peace between its countries; and the Federal States would seek such material prosperity and moral progress as would prevent a war between classes. In short, our formula should be Federalism for Peace and Freedom for Progress.<sup>1</sup>

The States would thus have a double allegiance, one to their own Federation, the other to the European Union; which need, however, cause no more difficulty than does the present position of the Dominions who are in the British Empire and, at the same time, in the League of Nations. Also the National Federal Governments (Great Powers) would thus retain a temporary sovereignty which would obviate the objection to subordinating National Sovereignty to a Federal Super-State; which objection is mainly sentimental, but none the less serious. Although to the political scientist, Sovereignty is only a technical term of International Law, important only for purposes that are now mostly obsolete—to public opinion, Sovereignty still signifies that Supreme Power which can make War into Law and Wrong into Right. In this respect, it is to the public mind a survival of the Divine Right of the God King; and even if to-day it has really nothing to do with personal loyalty to an Imperial Monarch or with patriotic allegiance to a National Government, sovereignty remains a dogma of the nationalist religion which requires respectful treatment.

<sup>1</sup> The following formula of the British Labour Party is applicable to a European Union: 'All nations great or small of whatever colour or creed to have the right to live and develop their own characteristic civilization provided they do not thereby infringe the rights of others. (*Peace Aims*, p. 12.)

The formula of the French federalists is also applicable. It is thus summarized by M. Herriot, *United States of Europe*, p. 243, with reference to M. Barthélemy's report to the federal committee of E.I.C., 1930: 'The States should remain independent in their mutual relations, but necessarily should abandon part of their sovereignty to the new organization.'

Finally, I shall adduce the principles of St. Augustine for the *Civitas Dei*:  
In necessariis unitas; in dubiis libertas; in omnibus caritas.'

There is the hook for liquidating Leviathan. And now for the bait.

#### PROVISIONAL ARMED SECURITY

2. During the preparatory and probationary period, each Great Power thus converted into a Federation could accumulate the armament quotas allowed under the disarmament scheme to each of its constituent States and have them administered by its Federal Defence Ministry. If the war ended in a deadlock the German Federal Defence Ministry would co-operate with the other Federal Defence Ministries, under control of the Defence Ministry of the European Union, for the police and protection of Europe, pending the establishment of federal peace. If it ended in a decisive defeat of Germany, the other Powers would, none the less, federalize; but the German Federation would not be allowed to accumulate the armies and armaments of its States under its Federal Defence Ministry. These State armies and armaments, as in the case of National States, would be at the direct disposal of the European Union. So that the general effect would be that in case of a German defeat or a general deadlock, we should get, practically though not penally, the disintegration of Germany and the dethronement of Prussia. Further, in the case of a German defeat, we should also get the total and unilateral disarmament of Germany as a Great Power; while Great Britain and France for a definite period and purpose retained their armaments. We could do all this, moreover, without prejudicing Germany against the European Union, and provoking it into a renaissance of Prussianism and another World-War in twenty years' time. Because Germany would at once be admitted on an equal footing to all the political and economic advantages of Union in respect of secured defence and social development, colonies and commerce, materials and markets.

#### PROVISIONAL NATIONAL SOVEREIGNTY

3. In order to give each Leviathan time to take its hook the new Federations, formerly the Great Powers, would continue

to co-operate for purposes of world politics in the League, under a slightly modified Covenant. But the Great Powers would have to co-ordinate their policy as Federations in the League with their policy as States in the European Union. Now, as States in the Union, their policy would be pacific and progressive because public opinion in such a State could not easily be concentrated by the national Press and nationalist propaganda as at present on international issues; seeing that these would be automatically and democratically regulated in the Council and Congress of the Union. And, an even more important point, public opinion in such a State would be mainly interested in its own internal issues of social development; while its competitive contacts with other States would be inspired rather with pride and prestige in such achievements than with the pride and prestige of armaments. We have evidence for both these views in the support given by the minor Nations and the British Dominions to the League, and in their superior social developments; as well as in the prevalence of pacifism and progressivism in naturally warlike but federated nations like the Swiss and Americans. We may therefore envisage these regional Federal States rising up from below so as eventually to replace the racial Federations in the control of European opinion and in the conduct of European policy. Simultaneously, the democratic representation of European popular opinion by the Union legislature would be repressing from above, and eventually replacing, the control of opinion and the conduct of policy by the Great Powers. In short, we should have learnt, like Mrs. Be-Done-By-As-You-Did, to make things make themselves.

#### FUNCTION OF LEAGUE

The procedure by which the former Great Powers, after their conversion into National Federations, would be finally and formally replaced in the League by the European and other Continental Unions could safely be left to the future. For the time being, the new U.F.F.E. (Union of Free Federated Europe) might represent Europe in the League in respect of

European social and economic issues and interests; while political issues, concerning Europe as a whole, might be left for the present, as at present, to representation by the former Great Powers. The Dominions and dependencies of the European Empires would have their place as Dominions in the League, or as dependencies under the European Union. European internal issues would be wholly entrusted to the Union; and the League would be thereby relieved of the responsibilities in this respect that so effectively wrecked it. The United States could then enter this World League without fear of being involved in European entanglements. A reasonable redistribution of responsibility which would save both League and Union from being overstrained by any stasis; because they could either apportion the burden democratically or diplomatically pass the buck. A Member-State which was in a Federation (ex-Great Power), could, moreover, only raise an awkward political issue in the League through the Federation. Of course, political issues, as between Member-States of the Union, would come before the League, if at all, through the Union.<sup>1</sup>

The specific reforms and spiritual reformation required by the League, if it is to be the embryo of a World Federation, do not concern this study of European Federation. It might, however, be well, with a view to its rehabilitation, to emphasize the change in its function by moving it, not only from Geneva, but either out of Europe or into some extra-territorial enclave on the analogy of the Vatican City. In that case the Geneva installation might become the Union capital and the Swiss Confederation be Federal territory, either as a Member-State or not, as it preferred.<sup>2</sup>

This reconstructed World League could then deal diplomatically and, if necessary, drastically with the relationships

<sup>1</sup> As to relations between Union and League, see Prof. Jennings's *Federation for Western Europe*, p. 111. But the League of Nations Union might usefully study and report on this subject.

<sup>2</sup> The war has already cured the League of its concentration on European affairs by transferring its accommodation to Princeton and McGill Universities and its activities to Pan-American politics. The social departments remain at Geneva. Nor is it bankrupt financially, though the supervisory Commission, now established at Lisbon, has a considerably reduced budget.



between the European Union and such American and Asiatic Unions as might arise.

#### FUTURE OF DIPLOMACY

Professional diplomacy would still operate as between continental Federations and, for a time, as between the Nations and Federations within Europe. It would, however, eventually be excluded from Europe by the development of a European democracy; a result of federal reconstruction very reassuring to those Progressives who see in 'secret diplomacy' a source of much evil. Though that evil has been much exaggerated yet it has existed; and it has even increased in a new form owing to the disappearance of the cosmopolitan contacts between the old ruling classes and the appearance in government of gangsters in place of gentlemen.

Some improvement of diplomacy could be sought by a more democratic control of policy through Parliamentary Committees, publication of reports, &c.; but not by a more 'democratic' recruitment of personnel. By all means open entry into all the foreign services by the educational ladder and get in the best brains. But do not think, as we diplomatic reformers used to think,<sup>1</sup> and as the Labour Party still thinks,<sup>2</sup> that this will 'democratize' diplomacy. The new recruits will be more, not less, liable to compel British interests to conform with the *bourgeois* mentality of to-day's *Beau Monde* into which they have so cleverly climbed. Such *arrivistes* may be more brainy and serviceable, but will have less backbone and *savoir-faire* than men who had a personal tradition and a pro-

<sup>1</sup> The campaign for democratic development of British diplomacy began in 1912 with a 'Petition of Right' from the whole Embassy in Washington, headed by the Ambassador, James Bryce. The official response was my transfer to Bogota; but, thus being commuted to seconding, I was able to contribute, through Professor Graham Wallas, to the Report of the Royal Commission in 1914. The more pleasing of its recommendations, such as a 'living wage' were adopted; others, like 'amalgamation of the Services', were applied partially, after being adopted everywhere else; 'regionalization' still remains. (v. *Diplomacy Old and New*, Allen and Unwin, 1921.) As the whole programme with this exception, has now been proclaimed in principle (June 1941), and as my cyphering machine, rejected in the last war, seems also to have been 'adopted', I am justified in being optimistic about a Free Federal Europe.

fessional training that made them immune. Also, having no financial backing or social background, and having married, as he now can, on his pay, the diplomatic recruit from the ranks is domestically debarred from the last resource of the conscientious civil servant, resignation. Recreate the purposes of diplomacy by restoring its relationship to democratic policies through federalism, and it will not much matter how you recruit its personnel.

#### DISARMAMENT AND DEFENCE

Together with 'secret diplomacy' that other suspect, 'private armament', would be banished from Europe. Disarmament by stages of the European peoples and development by stages of a European Defence Force would transfer in time 'armed security' to the Union. Union 'armed security' would have two functions. One, the protection of the European Union against other continental collectivities. This would involve regulating the Union forces on the old principle of Balance of Power—raising them to balance other continental armaments or reducing them by disarmament agreements. The other would be the preservation of European Peace. This would normally devolve on the Municipal police and State militia, reinforced when requisite by the Federal armaments. The military forces of the Union made up of contingents from the States, would remain for a period on the borders of Germany; while its warships and air forces would remain in neighbouring seaports and airports. Eventually the Union air force and armaments would be based in the federal territory, such as Switzerland; and its naval armaments in some suitable federal territories such as Lemnos, Cyprus, Malta, Gibraltar, Madeira, and Scapa. The Union air force, armaments, and navy would be maintained for a period, under contract, by the British and such other Federations as were appointed for the purpose at the Armistice. The cost of Union Defence would, after general demobilization and establishment of the Union Government by the Constituent Congress, be collected from the Member-States in proportion to

their total budget expenditure. Federations partly within the Union which, previous to its formation, had been organized for mutual development and defence—e.g. the British Commonwealth, the Soviet system, the French and Dutch Empires—might continue to maintain military, naval, and air forces, based outside Europe; but might only bring them to Europe with the permission of the Union Government. All armament and munition works, arsenals, air-fields, and factories would at the Armistice be transferred to Government ownership and operation and, within a definite period, would be owned and operated by the Union. The personnel of the Union services, civil or military, would be recruited within the Union without reference to race, religion, or region by a system of selection operated through the educational authorities of the Member-States.

#### COMPOSITION OF FEDERATION

It is proposed therefore that the British, French, German, and Polish peoples, each federalized into a national Federation; the Danish-Norwegian, the Czecho-Slovak-Sudeten<sup>1</sup> and (*pace* U.S.S.R.) the Baltic peoples respectively federated into Scandinavian, Bohemian, and Baltic Federations; with the Swedish, Dutch, and Belgian nations, and possibly the Swiss, should first form a Union of Free Federated Europe. The dictatorships of Spain, Italy, Hungary, Greece, and the Balkan States would be admitted later as Federations or Nations, if they approved and applied the Declaration of Rights.

As for the difficulties in the accessions of Russia and Turkey, who would of course, like Great Britain, be represented only in respect of their European regions, they will be dealt with in detail later. Their exclusion from the Union, until after it was established, which at first sight might seem to have advantages, would be most undesirable. As they are very unlikely ever to accede to it unless they are taken along, step by step, with every stage of its elaboration. We may, however, hope that military developments will, before the end of the war,

<sup>1</sup> A West-Slav Federation to include the Poles is a possibility.

establish such confidence and collaboration with Russia as they already have with Turkey.

#### CONSTITUTION OF FEDERATION

We now come to the sort of constitution for Europe that should be submitted to the Constituent Congress. The composing of constitutions is a great game; I have myself contributed to two, neither of which lasted long. Here, instead of supplying my own solution, I shall only suggest where suitable solutions may be sought. We have to find, for a model, some European constitution which is, in form, a compromise between Federation and Confederation, which concerns a country containing different races, regions, and religions, and which has continued long enough to show that it has successfully fulfilled its function. We happen to have such a constitution in Europe in that of the Swiss Confederation. This has, for a century, incorporated the principal cultures of Europe—French, German, and Italian—in contented co-operation. Against it an aggression from abroad, the War of the Sonderbund, completely failed. Under it, the Swiss Cantons, separated from one another by lakes and mountains—by five different languages, French, German, Italian, Schwyzerdeutsch, and Romansch—by economic division between industrial and agricultural interests and by ecclesiastical division between historic centres of Catholicism and Protestantism—have lived in unity and godly love; at least so far as can be seen. The Swiss have for centuries served us as a model of conduct and might well now supply us with a model for a constitution. ‘The Swiss concept of the State is composed of two essential elements—the idea of the People’s State, which is the democratic principle; and the idea of the Political Nation, supreme over nationalities.’ Max Huber, in thus describing Switzerland, could have given us no better definition as to the constitutional concept of a European State.

The Swiss Constitution avoids all the main difficulties and dangers. Such as the constitutional separation of Executive and Legislative in the American system, adopted in some form

or other by most of the 'Constitution-mongers'; or such as the *mainly unconstitutional substitution of party government for popular government* which has been so disadvantageous for most democracies. The Swiss Government is essentially democratic but is not popularly elected. The responsibility of appointing the Executive rests upon Parliament; the electors being the members of both Houses. The Prime Minister is also President of the Republic. The Executive and Legislative power are thus not counterbalanced, but combined. The practice has, moreover, become established by which members of the Government in succession become Chief Executive, a provision that further secures the distribution of executive power between the different cantons and cultures.

#### ECONOMIC CONSTITUTION

So far as the political field is concerned, with the addition of some provisions from the Constitutions of the German and Spanish Republics, the Swiss Constitution will provide us with the required material and model. But a Constitution for the European Union will also have to make provision for the economic field—and moreover, for an economic field which includes every form of national economy from the libertarian go-as-you-please of democracy to the totalitarian toe-the-line of Dictatorships. So that, having provided a parliamentary Congress on the lines of Libertarian Democracy in the political field, we must provide for corporative institutions and occupational representation in the economic field in order to secure the incorporation and co-operation of the new forms of totalitarian democracy. In the political field, we have seen that the main danger would come from conflicting nationalist ideologies causing war between the countries incorporated in the Union; and we dealt with this danger by providing a progressive disintegration of the Great Powers and grandiose Nationalisms into harmless local cultures and disarmed national Member-States. The main danger to guard against in the economic field is that of social revolution leading to class war; and this can be met by integrating the Union into

*economic entity and social solidarity. We should do this by establishing Europe as an economic electorate with an occupational franchise—democratically represented in a suitable number of Corporations—whose elected Executives would together constitute a Central Economic Council. This Council would prepare all economic and social measures in concert with the Central Planning Committee, either on its own initiative or under instructions as to basic principles from the Social and Economic Committees of Congress—these two Committees being equal in numbers to the Council. Disagreement between the two bodies would be decided by a majority vote of the Council and the Congressional Committees debating and dividing together.*

As in the political field we found that Switzerland afforded us a constitution that had worked successfully under circumstances very similar to those in Europe, so in the economic field we shall find a useful model in the latest Constitution of Portugal. This constitution combines the Congressional and Corporative principles with results more satisfactory than any other attempt to revive and remedy democracy by giving a 'doctor's mandate' to a Dictator *ad hoc*. This too, in a community that before and beyond any other in Europe, excluding Russia, had suffered from social conflict amounting to class war. In spite of which, under this constitution, Portugal has proved to be impervious to penetration either by the provocation of Spanish proletarianism or by the pressure of Italian and German propaganda. Portugal has, moreover, been remarkable historically for precluding each new constitutional development in Europe with an excellent example of its most essential expression—from Pombal in the age of the great eighteenth-century administrators down to Salazar, the model dictator of to-day. There have been of course more elaborate experiments in reviving the organism and revising the organs of popular Government. For example, the U.S.S.R. has four forms of more or less 'democratic' representation for the four main functions of the citizen. But, for our purpose, the Constitution of Portugal is the best model; while there is good material in those of the late Spanish and German Republics.

It would be very interesting to develop in detail this Constitution for combining congressional and corporative democracy in the New Europe; but here we are only dealing with general principles. One of these, I would suggest, is, that the 'doctor's mandates' of Ramsay MacDonald and Benito Mussolini failed, because the former was too little of a dictator and the latter too much of a one, and that European reconstruction must look for its steering to a diplomatic dictator and for its steam to a dynamic democracy.

#### ELECTORAL SYSTEM

Our Constitution of the European Union is to combine Congressional government in politics with Corporative government in economics, while substituting a political Directory for personal Dictatorship. We shall therefore have to make use of every possible measure to maintain a really democratic system. Party government, with its balance of power between Progressives and Conservatives, and its alternation in power of those two principles—in both of which divisions the Noes always have it—would be, as a system, quite impracticable for the progressive reconstruction we require from our Constitution. The alternative system is that of minority representation with government by a central block which shifts slightly to Left or Right as Progressive or Conservative opinion predominates. In order to secure this latter system all elections within the Union would have to be on some system of proportional representation, and not by the one-member constituency and simple majority vote favoured in the United Kingdom and United States. An analysis of the various systems of P.R. and their recorded results would take too long. Two facts would seem to be sufficient. That, of the fifteen democracies concerned, eight have adopted P.R. wholly, and six for special purposes, with England as the only exception; and that all English-speaking States who have adopted P.R. apply it through the system of the 'single transferable vote'. This system compromises between the P.R. by 'party lists', that made the elections of the German Republic indecisive, and the P.R. by

'weighted majority' that made those of the Spanish Republic undemocratic. It is therefore, this system which is most suitable for all elections to the legislatures of the Member-States and Corporations of the Union.

## EPILOGUE

By the above principles and procedures the Union might not only get the power for political development in a United Europe, but also the possibility of developing itself into an economic entity. Problems as to the pooling of colonial materials and continental markets, the regulating of commerce and customs duties, even of controlling production and consumption, can on these lines be dealt with in a later chapter. Thus by leaving democracy to work its own way, by natural growth and normal gradients, the imperial and international competitions of the present Imperial Capitals and their capitalist interests would be systematized and socialized into the internal co-operations and controls of the Union. The Union and its component States would become more and more both reliable political powers and real economic entities. Until at last the European Union, that somewhat nebulous ideal of to-day, would have become the New Deal of to-morrow.

Meantime, the League would have its basis so broadened as to extend from the regulation of continental Confederations on the one side to the representation of cosmopolitan citizens on the other. Under those conditions the League might eventually develop an authority and activities that would be democratic rather than diplomatic. So that the baseless fabric of this vision may yet become the foundation of a 'Parliament of Man and Federation of the World'.



## CHAPTER [II

### FEDERALIZING

'Unless there is a conjunction of political power and philosophic intelligence, my dear Glaucon, there can be no cessation of troubles for our States or for humanity. Nor until this happens, will this Constitution here expounded be put in practice.' 'Oh, Socrates,' said Glaucon, 'after hurling at us such a statement as that you must expect to be attacked by the whole army of intellectuals.' (Plato's *Republic*, v. 473.)

#### DIVIDE OR DIE

IN the last chapter we considered the general application of Federalism to Europe; and, in this chapter we shall consider its special application to Germany, Great Britain, and Russia. Now, one home truth preached in the last chapter was that you cannot make an omelette without breaking eggs—you cannot make a European omelette without breaking up the Great Powers. You cannot stop wars between 'Big-enders', like Prussian and Russian conquistadors for revolution against 'Little-enders' like British and French crusaders for evolution; nor can you make a peace between those Good Eggs the democratic Powers and those Bad Eggs the Dictatorship Powers, without breaking all of them as eggs. That is the First Law of our political Thermo-Dynamics. Our Second Law of Thermo-Dynamics, which will emerge from this chapter, is that you cannot unscramble eggs. Once that Great Power, Humpty Dumpty, has fallen off his wall of fortified frontiers, customs barriers, and passport offices, all the King's horses and all the King's men can't put him together again. The Power Egg, once broken up, becomes a Peace Egg; and whether it be made into a French omelette or British scrambled eggs is only a matter of time and taste.

Time and Tide wait for no man and must be made to work

for Peace and not for War. We have to use such time as is left for reconstruction before the tide turns against it. Now, in the last chapter, the work of reconstruction has been presented as the building of a new Jerusalem in the form of a federated superstructure on a federalized substructure and on a foundation of federal law and order. In this chapter it will be rather represented, not so much as a legal organization that we have to elaborate into a national plan, but an egg—a living organism that will evolve itself according to its place in nature. To repeat a sentence from the last chapter, democracy is not a graven image raised by constitutional law, but is an immanent growth rooted in a living commonalty. The substitution of Federal States for Imperial Powers is something like the biological process by which organisms of a low order reproduce themselves. An organism of a high order of specialization, like a Megatherium or a Midas, dies when it reaches the end of its own special environment. An organism of a low order, like a microbe or a millionaire, can multiply and maintain its life indefinitely by simple sub-division. Happily, a microbe or a millionaire, however active and acquisitive, cannot go on increasing its own size until it has become a Megatherium or a Midas. It will burst like the frog that tried to blow itself up into an ox, or like Herr Stinnes, who tried to incorporate the German people into his Perpendicular Trust. By the same analogy a Democratic Nation that becomes first, a Capitalist Metropolis and then a Cosmopolitan Empire, becomes a despotism and must die of disease or decline. The law for all dying organizations such as despotisms is 'Divide (others) or Die'. The law of all living organisms, like democracies, is 'Divide (ourselves) or Die'. It is not so much Federation, the growing together at the top, as Federalization, the growing apart at the bottom, that is, in these days of Capitalism and Communism, the living principle of Liberty, Equality, and Fraternity—the Law and Order that will give Europe peace.

## FUNCTION OF FEDERALIZATION

The difficulty in getting British or French support for a federalization that will eventually replace the European Great Powers by National Federations within a European Federation, has been recognized in the Introduction. But a practical point that is propitious to acceptance of the proposal is that it would only mean the acceleration of an evolutionary process that has already been operating for a century and, therefore, would not involve the adoption of a new revolutionary principle. For the decentralization of governmental power is, as will be shown later, already proceeding in the United States and the United Kingdom; and where European development is in the other direction, as in Germany and in Spain, it is the result of revolution having put the machine in reverse. Another propitious point is that federalism in its decentralizing function is not so much a principle as a procedure. Because it is recognized both by diplomats and democrats of experience that a political problem which seems insoluble when propounded as a principle will solve itself by an appropriate procedure. Moreover, it seems to me, as a professional diplomat for twenty years and a practising democrat for another twenty, that we have such a procedure in the federalizing of the Great Powers. Because thereby we transfer the problem of Union from the international relations conducted by diplomacy to an internal relationship controlled by democracy. Diplomacy can never impose on the international relationship the restriction of arbitrary sovereignty and the renunciation of armed security required by Federal Union. Transfer the task to an internal relationship and each democracy will evolve its own solution. It is the federalization by democracy of a metropolitan Government that has enabled our Empire of Mother and Daughter Nations to become a power for peace in the world. It is a federalization of the European Powers and of the English people, that would save Europe from international war and England from internecine war.

## GERMAN OBEDIENCE AND PRUSSIAN OBDURACY

Federalization of the people, by the people, for the people, has already begun in the British Isles and was only abolished five years ago in the German Reich. It has been obstructed in the British Isles to the detriment of the English and abolished in the German Reich to the danger of all Europe, by the absence of a real Balance of Power between the Federal States. For Balance of Power is not only a principle preached by Machiavellian diplomats or Marxian demagogues for the promotion of clan or class wars; it is also the principle of Christian and communal equality to which we owe such liberty and fraternity as the *odium theologicum* or the *summum imperium* allow us. Unfortunately, a National State with a ruling class, a racial culture, a regional economy, and a religion of patriotism, is strong enough to remain stable for a time, even when the Balance of Power favours unfairly one interest or institution, such as the property owner or Prussia. A Federal State is, however, a less strong and, therefore, a less stable institution than a national State. In its case persistence in the unfair favouring of one class or community ends the Federation; either by secession into separate sovereign democracies or by consolidation through civil war into a centralized and more or less despotic National State. The first is the process which we are following in the British Empire; the second is the process by which the German Reich, naturally and normally a federation of communities in various stages of ethical culture and of economic civilization, has been recently forcibly centralized under a totalitarian despotism. In this process it is the very virtues of the Germans in racial character, and the very value of the Prussians as a ruling class that have made their federalism a prey to Prussianism. Owing to a noxious nationalism the very moral docility and the mental endowment of the German, the very military discipline and the indomitable morale of the Prussian, have made German scholars and scientists into a scourge of scorpions to Europe and have made Prussian officers and officials into the gunmen and Gestapo of a gangster Government. What Herder, the first

prophet of Prussianism, called the 'Land of Obedience' has become what Hitler, let us hope its last prophet, proudly calls the 'Land of Obduracy'.

#### FIRST SUPREMACY OF PRUSSIA

Obedience and Obduracy, both virtues in moderation, have been carried to an extreme that makes our more timid and tender-minded diplomatic advisers see the extermination, or at least the excommunication, of Germany as the only hope for the rest of European humanity. But the trouble with Germans is not that they are, in themselves, worse than the rest of us; in some respects they are better. The trouble is rather that we, the outside world, have all too often brought out the worst in them; although we have not been always and altogether to blame for this as they maintain. Geography and history have been as much the parents of Hitlerism as have British imperialism and French intervention. Germany, a fertile country without any naturally geographic delimitation and a fruitful culture without any distinctive native tradition, was intended by Providence to be the nucleus of a metropolitan European civilization and the norm of a modern scientific community to which all *pagani* and *peregrini* could cohere and confirm as soon as they were qualified for citizenship in a Holy Roman Empire. Unhappily for all of us, God so proposed but Man otherwise disposed; and European history—cultural, ecclesiastical, and constitutional—took another course. Germany remained, at last, nothing more than a rich residual heritage of the old Roman Law and Imperial Order, with no worthy Heir of its Body to continue the Roman Imperium. Collateral claimants, competing for the succession, delayed Germany's democratic development with wars of extermination and exhaustion. Eventually its cultural region among the West Franks on the Rhine, and its ruling class among the South Saxons on the Danube, were no longer competent to dominate and defend it. So Germany was converted into a warlike nation by a ruling class of Prussians under Frederick the Great.

## FIRST SUPPRESSION OF PRUSSIA

The mentality of the German Reich and its rulers became materialist and militarist as soon as its imperial function of maintaining a Franco-Roman Law and Order was thus perverted into a national defence against and dominance over its European neighbours. Diverted by Prussia from its function of being the cultural centre and cosmopolitan core of a future federated Europe, Germany for two centuries fought Europe to achieve a merely national unity. Achieving this, under the aggrandized authority of Prussia, Germany then proceeded to re-establish an Unholy Roman Empire by military means for material ends. In this respect, the federating of Germany was unlike the federating of the Swiss which had the support of Europe; or that of the Americans which had almost as much support from Europe as opposition. The danger to peace from Prussia was realized by the French two centuries ago; but unfortunately they aggravated it by attacking German Nationalism instead of using German Nationalism to counteract Prussian Imperialism. The dangerous domination of Central Europe by Prussian Junkerdom—the obdurate caste of an obedient community—was however checked; and might have been checkmated by the French Revolution. Much as the present re-appearance of the danger has been checked, so far as Eastern Europe is concerned, by the Russian Revolution. Moreover, Nazi-ism may yet be checkmated by Russia as Napoleonism was, if the United Kingdom and Union of Soviets could be got to work together for a European Union as they then did for the Concert of Europe. Napoleon's remedy for Prussianism—disintegration of Prussia and a distribution of Germany into Sovereign States of similar size—was so far sound; but his reliance for maintaining his federal system on French domination and imperialism instead of on German democracy and nationalism was insane. It was unfortunately a militaristic mistake that his fellow countrymen seem always ready to repeat. Even so, the southern States—Baden, Bavaria, and Saxony—that Napoleon raised to an approximate equality with the Prussia

of that day, have survived and will be serviceable in a future Federation. But, on the whole, the moral reaction of Germany to this Napoleonic reconstruction was to make the subsequent renaissance of German nationalism militarist in mentality under an ever-militant Prussia.

#### SECOND SUPREMACY OF PRUSSIA

The resurgence of a dynamic democracy throughout Europe in 1848 had its German repercussion in the attempt of the Frankfort Assembly to express Frankish culture in a liberal and federal Constitution and to exclude the Prussian cult of personal power and power politics. This was defeated by the despotic and diplomatic exploitation of the nationalist element in German national democracy which was effected by that typical Prussian—Bismarck. The Prussian prescription for the new German Nation as administered by Bismarck was: (1) the aggrandizement of Prussia until it had absorbed two-thirds of the population and such provinces as gave it a strategic control; (2) an extension of that control over the North and Centre and an expulsion of Austrian control from the South; (3) an extension of German control over Eastern Europe under an Austrian Empire, such as could later be absorbed by Prussia; (4) the assurance of Prussian authority (a) by incorporating the German Empire in the Prussian Crown; (b) by establishing a Prussian ruling class of officials and officers, and (c) by elaborating a Constitution in which federal and liberal features were merely a façade—an indulgent concession to particularist and progressive sentiments. Bismarck was an Empire-builder. So strong and stable was his structure that the attempt of Napoleon the Little to overthrow it (1870) before it was fully and firmly on its feet was provoked by Bismarck and Moltke themselves, so as to secure for the results of their power politics a final realization and a formal recognition.

## SECOND SUPPRESSION OF PRUSSIA

The German Empire thereafter appears as the most formidable of the Great Powers in the competition of the capitalist systems for the control of material and markets necessary to their continued existence. The fact that Germany had to make up for a late start by Prussian efficiency and energy soon converted what had been a competition for foreign colonies and commerce, conducted in terms of private enterprise, into a conflict of imperial interests, carried on in terms of military and naval armaments. Finally, the dynamic expansion of Prussia had not only compressed the static British and French Empires into a combined counterweight for the maintenance of a World Balance of Power, but had caused such heat by friction as exploded the piled-up powder barrels. The Germanic Empires came into conflict with a World in Arms against them and were decisively defeated (1918). And, if French real-politik in the ensuing reconstruction had not been restrained by the Anglo-Saxon attitudes of London and Washington, the German revolution might possibly have rallied the whole country to a disintegration and deposition of Prussia that would have eradicated Kaiserism as effectively as the Russian revolution had destroyed Tsarism. But the compromises between the conflicting British and French policies were neither consistent nor constructive. Our propertied Conservatives wished to preserve Prussia as a bulwark against Bolshevism, while our conscientious Progressives disapproved any disintegration of Germany that they misunderstood as having merely a motive of *revanche*.

The French, though in strategy they are wiser in their generation than the Children of Light, are sometimes as weak in statesmanship as any imp of darkness. On being debarred from disintegrating Germany, they took to terrorist tactics and interventionist intrigues. They occupied the Ruhr and the Rhine frontier with Senegalese troops and encouraged the treasonable Separatists in the Rhineland and Bavaria. The French black troops, so far as I could see, were plaster saints compared with the French 'Black and Tans' who acted as



mercenaries to the Separatists. But, if the Black and Tans left unforgettable personal injuries, the black troops were, and are still, looked upon as an unforgivable national insult. Altogether, it was the sort of ineffective and irritating intervention that always provokes a quite disproportionate reaction in favour of defensive Nationalism, and a no less disconcerting rally to Imperialist Dictatorship.

#### FEDERALISM OF GERMAN REPUBLIC

The democratic federalism of the Weimar Republic, accordingly, never became more than a façade behind which the Prussian Reichswehr and Ruling Class refortified, and eventually reinforced, their defences against the development of a German democracy.<sup>1</sup> Simultaneously the League of Nations,

<sup>1</sup> The well-meaning but badly muddled policy of us British was welcomed by German democracy as an amiable alternative to the ill-tempered interventions of the French. From the Armistice until the Treaty of Versailles the most unofficial British advice was accepted unquestioningly even when its advisability seemed questionable. During that period I was in Germany as representative of the Liberal and Labour Press and, as a democrat and ex-diplomat, was admitted to the confidence of both revolutionaries and reactionaries. Doctor Preuss, who was drawing up the new Republican Constitution at Weimar, readily agreed to some suggestions of significance. One was that, just as Federal Law should override State Law, so should it be overridden by League Law—a revolutionary restriction of sovereignty that would have given the League a real sanction had it emerged from Versailles in the form that we expected; but which, with other interesting innovations, was abandoned after publication of the Treaty of Versailles. I could, however, achieve nothing with arguments that, unless Prussia was partitioned, there could be no real federation; and unless its domination were ended, there could be no real democracy. Dr. Preuss agreed, in principle, but he pointed out: that, (a) partition had become almost impossible because French militarism was discrediting it by its policy of penal disintegration and because Prussian militarism was already debarring it by restoring the Reichswehr in the form of *Frei-Corps*: that, (b) the British Conservative Government and the German propertied class were against disintegrating, or even disarming, Prussia because they looked on it as a bastion against the Communist conquest of Europe; (c) finally, that the German Socialist Government and the British Liberal-Labour Opposition were against it because they looked to the Prussian industrial proletariat to give a lead in a Lib-Lab conquest of Germany. He, therefore, recommended me to make my representation to Westminster and Whitehall rather than to Weimar and the Wilhelmstrasse—the German Foreign Office which was then being run by Liberal Rhodes Scholars. I followed his advice as long as any hope was left of putting Prussia into liquidation. But my countrymen had a bad conscience about the Blockade and Reparations. They persisted in their policy of encouraging the restoration of Prussian domination as an insurance against a Russian penetration to which they were opposed both as Conservatives and Progressives.

in which democracy was similarly the infant ward of wicked uncles, began to follow the same course. European democracy and German democracy became two Babes that wandered in a Dark and Dismal Wood of diplomacy until, deserted even by the Villain of Milder Mood, they died in each other's armaments. But this and other nursery tragedies are too recent to need recalling. What we must realize is that we British are to-day preparing to pursue the same policy in respect of Prussia after this war that has now cost us two wars in one generation. For our ruling class is to-day planning to replace the gangster government of Hitlerism by the gentlemanly *ancien régime* of a Prussian Reich and Reichswehr. The foolish fear of 'red' revolution that has falsified our public opinion and foreign policy ever since the success of Soviet Socialism, and that has been fatal to so many democracies indispensable to our international interests, is now frustrating our proper policy for the reconstruction of Germany by the restoration of German democracy.

The restoration of German democracy and the democratic reconstruction of Europe both depend on us British adopting a democratic *desideratum* in respect of Germany, such as would be applicable either to a dictated or debated peace. In applying it we must not be misled by our own experience of constitutional Monarchy and assume that a Prussian dynasty would be compatible with the development of a German democracy. If we re-establish the monarchy, German democracy could only be restored, if ever, by another German revolution. I am no more of a Junker-hater than I am a Jew-baiter. I am prepared to pay tribute to the courage and competence of the Prussian ruling class. But I prefer that it should be the tribute of a tear to its demise rather than of a throne for its further dominance.

Under the Weimar Constitution, the German people, then 63 million people, was federalized into 18 States (Länder); ranging from Prussia with 37 million down to petty principalities with scarcely as many thousands. Though, by a death-bed repentance, the Constituent Assembly assigned half the Prussian representation in the Reichstag to the smaller States, and

some of the smallest sleeping partners were later quietly smothered in their sleep, none the less the Federation was always a farce until it ended in tragedy. The foundations of the Third Reich, the Empire of *Führer-prinzip*, were already laid before the façade of the Second Reich, the Weimar Republic, was finished. The attempts of certain German States in 1919 to convert themselves into Socialist systems were crushed by Prussian Frei-Corps in the North, and in the South by Bavarian or Wurtemberg forces under Prussian officers.<sup>1</sup>

#### FINAL SUPREMACY OF PRUSSIA

The subsequent extension of Prussian regimentation in an extreme form over the whole of Germany and the totalitarian exploitation of the whole Germanic economic entity, both favour a future and final effort to partition Prussia. It may look as though the Prussian ruling class had been reinforced by the successive intensifications and extensions of Prussian predominance. But, from the beginning, early in the last century, down to the end in Hitlerism, the inclusion of reluctant, and even recalcitrant, provinces in or under Prussia, while increasing its material and military power, has impaired its moral authority. When a century ago the 'muss-Deutschen' (Germans perforce) of the Free Cities and feudal principalities were incorporated in Prussia, the Mayor of Frankfort, the capital of Federated Germany, shot himself; Prussian titles and posts were refused; and, broadly speaking, the more cultural and commercial the region the more anti-Prussian it was.

<sup>1</sup> As correspondent for Liberal and Labour papers, I was present at the insurgence and repression of these 'Rate Republiken' at Lichtenburg, Halle, Brunswick, and Munich. (See *New Germany*, Constable, 1919.) They were revolutionary; but only in the last case had any Russian relationship. Each had local characteristics; but all were consequences of the mass movement for a German economic reconstruction and ethical renaissance, that was crushed by a reaction run by the Prussian and Trades Union bureaucracies, reinforced by British and German Conservative parties. As a result, the German revolution was never any good to anyone; except, perhaps to myself. For railway communications being cut, I made much money by buying a carriage and pair in Augsburg, selling places in it to a woman spy, a Prussian officer in disguise, a Jew 'Schieber', a Russian Communist, and a Bavarian Countess, driving it to Munich, and selling it to a 'red' Minister who eventually evacuated himself in it to Austria.

Even after being reduced by conquest to Prussian provinces, German States clung to their autonomous rights. Thus, up to 1900, the Rhineland used the French 'Code Civil' and Hanover its 'Land-recht'. The Constitution of the First Reich (German Empire) left the Southern States their armies and autonomies, even their foreign policies and plenipotentiaries. Even when the Second Reich (Weimar Republic) reduced them to 'Länder' with no more than local government and their citizens to 'Reichdeutschen', some of the States managed to retain, up to 1920, their own forces and diplomatic relations with Paris and the Pope.

When we come to the 'gleichschaltung' by National Socialism and the Third Reich (Hitlerism), we find the militarization of Germany completed, concurrently with the demoralization of Prussia. A patriotic propaganda which imposes personal loyalty to a political adventurer and an Austrian proletarian, appeals as little to the Prussian professional soldier or civil servant as it does to the German patrician or professor. The inclusion in the Reich of whole populations of subjected but insubordinate Slavs, some of them, like the Czechs, with political status and social standards as good as the Germans, others much inferior, offends public opinion both patriotic and philanthropic. These are not even 'muss-Deutschen' and by such impious imperialism Hitler cuts himself off from being the historic successor of heroes of the German Renaissance like Frederick the Great, Scharnhorst, or Bismarck. Rather is he the hysterical symptom of one of those revolutionary revivalist movements that marked medieval Germany. In this outbreak of 'religious' hysteria Germany created, not so much an ideology as an idol; and the idol created devotees—male and female created he them.<sup>1</sup> But these mass-produced robots

<sup>1</sup> I first realized the proclivity of Prussians for idolatry when I found, outside the Reichstag late in 1918, the colossal wooden effigy of Hindenburg, his uniform studded with nails of sizes suited to the worshippers' war-loan subscriptions; which pagan ritual came, I was told, from the Cameroons. The officiating priesthood had fled but had left the hammer and nails; so I bribed a small German girl to drive the biggest nail I could find into Hindenburg's head. Butter in a lordly dish or otherwise, was not then procurable in Berlin and the Prussian 'Old Man' was too strong for Young Germania.

are not normal Germans; still less are they Prussians. The danger of Hitlerism does not lie in the 'Furor Teutonicus' of its doped devotees; nor in the Führer's feminine instinct for his opponents' 'soft spots'. The real danger lies in the still uncorrupted and competent officers and officials who operate the military machine and are obedient to the militant mentality of Prussia.

#### FUTURE SUPPRESSION OF PRUSSIA

Hitlerism is merely a German measles and no more than a very severe outbreak of the social disorder that is everywhere endemic.<sup>1</sup> But Prussianism is a peculiar and more pernicious pestilence that, throughout modern history, has at regular intervals imperilled European civilization. There are of course at present plenty of Germans like Hamblok, who, in his *Germany Rampant* argues that Prussianism is an executive expression of Teutonism. But Spengler, who was one of the major prophets of Prussianism, and at first took this view, later recanted and consequently died a refugee. Prussia is, in fact, not really Germanic at all. The eastern boundary of the 'Holy Roman Empire of the German Nation' was the Elbe; its culture was classical and its creed Catholic, the former introduced by Julius Caesar, and the latter by the British monk Boniface. Charlemagne was a Gallicized Frank who ruled from culture capitals at Paris, Frankfurt, and Vienna. The Holy Roman Empire was always cosmopolitan and, since Charles V was influenced successively by Spanish, Italian, French, and finally, British cultures. On the other hand, as its name 'po-Russia' or near-Russian indicates, Prussia is Slav as to stock. Its first status was as a 'March' of West Slavs organized by a military order, the Teutonic Knights, for the defence of the Christian Empire. Its centre, Brandenburg, a citadel of the Helles, a Slav tribe, was only militarized as a 'March' in 928. For all of which reasons protection by Prussia

<sup>1</sup> For example, the gangsters and gunmen who, for a few years, got control of Chicago and other American cities. Or, the civic corruption and loss of civic conscience that delivered Paris to the Germans.

is no longer attractive to the propertied class in Germany or Great Britain, especially now that Prussian Junkerdom and young Germany are associates of the Soviet system. Evil communications corrupt good manners and such partnerships in power politics are a peril to every ruling class that becomes imperial. No ruling imperial class was ever more carefully recruited and trained than were the Janissaries of the Ottoman Empire; none ended in worse cruelty, corruption, and incompetence owing to its partnership with and permeation by subject races.<sup>1</sup> The Prussian ruling class has now for five years been accomplices in administering a servile system—a Police-State maintained by cruelty and corruption and it must take the consequences in its own depravity and deposition.

Foreign diplomacies desirous of restoring German democracy after this war will not in future encounter that continued German confidence in the Prussian rulers and ruling class that a quarter-century ago prevented a partition of Prussia. Even then, before the confidence of the German middle-class in Prussians was shaken by the addition of Socialism to Nationalism in the Prussian programme, the Prussian yoke was not loved by the German professional class and Prussian Junkerdom was loathed by the German proletariat.<sup>2</sup> The German Revolution was a revolt of Germans against Prussians and, if

<sup>1</sup> When, in the 'nineties,' the German Empire began to dominate the Ottoman Empire, it sent Baron Marschall von Bieberstein to Constantinople, of whom, Pera reported, that he never went out for a walk without two chess problems in his head, or came back without three solutions. Discoursing one day, with such part of his brain as wasn't occupied with more interesting problems, he pointed out that the Prussian ruling class must oust the British. Because although the Prussian combined the virtue of Teuton and Slav as the British did those of Teuton and Celt; yet the Prussian observed a 'Kultur' Bar, the British only a Colour Bar. I was not impressed by the argument; but I was by such an offensive from an ambassador of such distinction against a newly arrived attaché—my first experience of Prussianism.

<sup>2</sup> I learnt this, nearly at the cost of my life, on more than one occasion in the Revolution when trying to stop useless bloodshed. Entering Brunswick before the Prussians arrived, I had the greatest difficulty in dissuading the Räte-Republik there from a hopeless resistance to the Prussian 'bloodhounds' and I left, with the bloodhounds after me for doing so. Crossing fighting fronts with the same purpose in Berlin (Lichtenberg), Halle, and Munich, I with difficulty escaped being shot in Berlin as a Prussian officer, in Halle as a Prussian spy, and in Munich just as a qualified but unquotable Prussian.

we win this war, Germany will not require much encouragement to disintegrate the Hitlerist Prussia.

#### FINAL SUPPRESSION OF PRUSSIA

Nor will there be this time the same sentimental opposition in England to a partition of Prussia. A clerical lecturer, dealing with this problem, was heard to say, 'And now, dear friends, what about brotherly love and Prussia? Ah, there's the rub.' To which rhetorical question a Cockney at the back replied, 'Aw, rub it art.' With which most of us and many Germans will, by the end of this war, agree. Even now, after a year of war, when Dr. Stern Rubarth tells us to separate Prussia from the Reich and associate it with a West Slav Federation, we feel that Prussia should have a more stern 'rub art' than that; and that by this plan the learned doctor in his 'Exit Prussia' would only provide Prussia with a false exit. It is no real use to draw, as he does, a chalk line along the Elbe between the German carpet slipper and the Prussian jackboot, in the hope that the Prussian nose could be held down to it like a hypnotized hen. The calculation may be that, in this 'West Slav Federation,' the Prussians and the Poles being about equal in numbers would counterbalance and cancel out, and that the Czecho-Slovaks would act as ballast. But history would probably repeat itself in another partition of Poland with Russia, and another predominance over Germany by a Prussia of twenty millions. Moreover, even without Prussia, a Germany of sixty millions would still be half as populous again as Great Britain. The Doctor would leave us again with all the moral and material makings for a Third German War.

A more satisfactory suggestion comes from Herr Otto Strasser, based as it is on a personal association with and antagonism to Hitler, from whom he has had a series of escapes that bear evidence to his keen eye for a situation.<sup>1</sup> In *Hitler and I* he writes (p. 97):—'Politically, Germany should be

<sup>1</sup> Since this was written, Herr Strasser has effected another escape from the Gestapo in occupied France, after his friends and followers had given him up for lost.

decentralized and divided into Cantons like Switzerland. Prussia, deprived of the Rhineland, Hesse, Hanover, Saxony, and Schleswig-Holstein (to which could have been added Mecklenburgh and Silesia), would cease to exist as such and its predominance would be ended.' He adds: 'A European Confederation on the same principles as the internal federation of Germany would integrate Europe. But this unity of diversity was beyond Hitler's mental grasp. For him, unity was a uniform, and progress a processional march.'<sup>1</sup> This has also been Europe's impression of Prussia since the days of Frederick the Great. Said Mirabeau, 'Prussia is not a nation possessing an army, but an army possessing a nation.' Said Dr. Johnson, less wittily but more weightily, 'The truth of the matter is, Sir, that your Prussian can't be civilized. You can dress him in a scarlet coat and teach him to march behind a band; but that is no more civilization than the barking of a drill sergeant is philosophy.'

## GERMANY FEDERALIZED

Encouraged by these opinions we can now venture to apply Federalism to Germany in general and to Prussia in particular. The last census (January 1938) shows a pre-war Prussia of about forty millions in a German population of about sixty-seven millions. Estimating the expelled Jews and Gentiles as about the equivalent of the Balts, Tyrolese, and other 'Volks-deutsche' incorporated from outside the Reich, adding to them six and three-quarter million Austrians and assigning the three and a quarter million Sudetens to a new Teuto-Czecho-Slovak Federation, we get a post-war German population of about seventy-seven million to which a negotiated peace might add three million Poles. According to plan, this population will have to be distributed among new Federal States of less than

<sup>1</sup> It is interesting to compare Strasser's comment with this conclusion of Talleyrand, written after Marengo: 'I am well aware what the First Consul ought to do in his own interest and in that of the peace of France and of Europe. Two roads are open to him: the federal system, which leaves a ruler, after his defeat, still master in his own territory on conditions favourable to the victor . . . but, on the other hand, does he intend to unify and annex? If so, he will enter on a course to which there is no end.'



ten million each; and these should, as far as possible, reproduce the former German States and represent both ethnic and economic entities that would be capable of democratic development.

These new Federal States might be as follows:

1. Saxony (Sachsen), both the Kingdom (5 mill.) and the Prussian Province ( $3\frac{1}{4}$  mill.) with part of Anhalt and Thuringia ( $\frac{1}{4}$  mill.). The capital would be Dresden and the population about  $8\frac{1}{2}$  million.

2. Bavaria (Bayern), the Kingdom ( $6\frac{1}{2}$  mill.) without the Palatinate, but with part of Thuringia ( $\frac{3}{4}$  mill.). The capital would be Munich and the population about  $7\frac{1}{4}$  million.

3. Austria (Ostmark). The capital would be Vienna and the population about 7 million.

4. Swabia (Schwaben). The Kingdom of Wurtemberg ( $2\frac{3}{4}$  mill.), the Grand Duchy of Baden ( $2\frac{1}{2}$  mill.), the Palatinate (1 mill.), and Southern Hesse (1 mill.). The capital would be Stuttgart and the population about  $7\frac{1}{4}$  million.

5. Rhenania (Rheinland). The Prussian Province ( $7\frac{1}{2}$  mill.) with the Saar (1 mill.). The capital would be Cologne and the population about  $8\frac{1}{2}$  million.

6. Westphalia (Westphalen). The Prussian Province (5 mill.) with Hesse-Nassau ( $2\frac{1}{2}$  mill.), Northern Hesse ( $\frac{1}{2}$  mill.), and Lippe. The port would be Bremen (1 mill.). The capital Frankfort and the population about 9 million.

7. Hanover. The Prussian Province ( $3\frac{1}{4}$  mill.) with Brunswick ( $\frac{1}{2}$  mill.), Schleswig-Holstein ( $\frac{1}{2}$  mill.), Western Brandenburg ( $\frac{1}{2}$  mill.), part of Anhalt and Thuringia ( $\frac{1}{2}$  mill.), Lubeck and Mecklenburg (1 mill.). The port would be Hamburg ( $1\frac{1}{4}$  mill.), the capital Hanover, and the population about  $7\frac{1}{2}$  million.

8. Prussia (Preussen), East Prussia ( $2\frac{1}{2}$  mill.), Corridor and Danzig ( $2\frac{1}{2}$  mill.), Pomerania (2 mill.), and the north-east half of Brandenburg (2 mill.). The ports would be Stettin and Danzig, the capital Potsdam, and the population about 9 million.

9. Silesia (Schlesien). The Prussian Province ( $4\frac{1}{2}$  mill.)

with Posen ( $2\frac{1}{2}$  mill.) and East Brandenburg (1 mill.). The capital would be Breslau and the population about 8 million.

10. Berlin and federal district, with a population of about  $4\frac{1}{2}$  million.

Six out of these ten States would represent countries with a native culture and a national tradition. Of the other four States, Swabia and Rhenania replace respectively three artificial Napoleonic States and a Napoleonic Kingdom, and represent respectively a South German and Frankish traditional culture and tribal complex; Westphalia and Silesia are economic entities with social characteristics. With Prussia thus territorially reduced and given its own capital at Potsdam, Berlin might safely be the Federal capital. But, if further precautions against Prussianism were practicable, Frankfurt might be the Federal capital, and Dusseldorf made capital of Westphalia. German culture would in any case be freed from militarism. Prussia in the north and Bavaria in the south—the two fighting tribes—would be left in the proper position to defend German democracy against any infiltration on either flank by Slav Sovietism; while the Polish and Teuto-Czecho-Slovak Federations would serve as a buffer against this in the centre.

#### GREAT BRITAIN FEDERALIZED

It will now be worth while to see how Federalism would work with our peculiar problems in our more or less United Kingdom. Federalization within the United Kingdom has long been advocated both for its legislative and administrative advantages and has lately had to be applied to Ireland; but, unfortunately as a *real-politik* under pressure and without any realization of its principles. Moreover, the motives and methods of its application have been diplomatic rather than democratic. Consequently the results might have been better, and have been, in some respects, bad. It is indeed regrettable, but irremediable, that the reluctance of our ruling class to let devolution develop normally in Great Britain, as it was doing in Greater Britain, has resulted in a civil war, a secession of

the Irish Free State, and a setting up of a small dependent State in North Ireland. It is regrettable, but remediable, that this State of Ulster should have a dissentient and disfranchised minority of one-third of its population which is ruled by coercion—a coercion that is a cause of discredit to England and of discontent in Eire.

Fortunately, the elimination of the old Anglo-Irish duello, the enlivening of our English democracy, and the ensuring of European peace, can all be sought by nothing more than the extension to Great Britain, democratically, of the federal principle already established, diplomatically, in Ireland. Taking these in turn, we might hope that, if England be divided federally, then England and Ireland, Ulster and Eire, could again be united fraternally. For, if the minimum population of a Federated State be fixed at two million, Ulster would have to be federated, either with England or with Eire. It would doubtless prefer Eire where 'the Protestant Boys shall carry the drum', rather than England where they could only 'bate the rattattoo till the poliss came in view'. In either case Ulster would be democratized by complying with the requirements of the Federal Constitution and with the Declaration of Rights of the European Confederation. Such a restoration of civil liberties and democratic legislation in Ulster would end the conditions that have caused discontent in Eire;<sup>1</sup> as well as some dissatisfaction in England when, at the outbreak of war, the bombs, which were expected to be German, were quite unexpectedly, Irish.

Now, as to the general enlivening of our democracy. Should I be justified in saying that it takes an emergency, like war, to wake it up and make it work? Certainly, if it is going to com-

<sup>1</sup> The Irish case, as stated by Captain Harrison and cited by Mr. Villard (*New York Nation*, 17 February 1940), is appended: 'What does Eire want England to do? The answer is that England should terminate the unconstitutional oppression of the Nationalist or Catholic minority in Northern Ireland and all financial support of the partition of Ireland by direct and indirect subsidies. Northern Ireland might then become an undifferentiated fragment of the United Kingdom if it so desired. There is little doubt however that, sooner or later, it would be joined to the parent body of Ireland on fair and freely negotiated terms, as soon as it ceases to be a British imperial interest (whether avowedly or covertly pursued) to keep Ireland divided by fomenting religious difficulties.'

pete in peace with the novel and rival totalitarian social systems, it will have to shake off its sleeping sickness. The symptoms in our case are similar to those which have now ended fatally in the case of nearly all other democracies. These are: over-pressure and under-production in the Imperial Parliament; under-representation of progressive parties in terms of office and accumulating arrears in social reforms; non-enlistment of the citizen for co-operation in, and contribution to, the commonalty, with a consequent loss of social conscience and confidence in the system. Our democracy, like others, seems to have lost its social drive and its sense of direction. Our central government seems to have no real root, our local government no young growth; while vermin and fungus infest the dark corners. Worst of all, we seem to have lost both confidence and competence for curing ourselves as we have hitherto done. We are losing hope for the future and lapsing into hope for a Fuhrer.

It is half a century since Federalization and Provincial Governments have been recommended by reliable authorities as a remedy urgently required. Failing any such remedy, we have, as usual, been meeting the most urgent requirements with provisional improvisations. Administrative areas, in which counties are grouped for special purposes, are relieving the most urgent administrative difficulties without remedying the underlying legislative deficiencies. And the progressive factor in our democracy is now so weak, centrally and locally, that we neither realize why a remedy is required nor what it should be.

Happily, the remedy required for this internal disease is also that recommended for our external disorder, namely, Federalism. Moreover, in order to get this remedy approved abroad, we must apply it to ourselves by federalizing Great Britain into seven autonomous States. What? you exclaim. Restore the Heptarchy? Well, I reply, what about it? The Heptarchy was a tribal confederacy under a paramount chief, such as can be seen in Africa to-day, which, by federalizing into counties, became a unified 'English State'. It also was the period during which the pugnacious and pagan Saxons

who destroyed our Celto-Roman civilization and culture, were civilized and christianized into constitutional communities, like Egbert's Wessex, Offa's Mercia, and Ina's Northumbria. It was a political phase and progressive process in the history of England, analogous to that which we are now entering in the history of Europe. It took four centuries to educate Angles, Saxons, and Jutes into 'English'; but four decades should suffice, for the purposes of federation, to educate English, French, and Germans into 'Europeans'. Moreover, just as 'England' and the 'English' grew out of and around Egbert's and Alfred's Wessex, so 'Europe' and the 'Europeans' will grow out of and round England; if it can still produce a strategist like Egbert, or a statesman like Alfred. Moreover, and this is the most important point, the same decentralizing process will have to be followed. Just as the Saxon tribes, with their lawbreaking Führers and their landgrabbing feuds, had to be disintegrated into clans so as to make a constitutional confederated Wessex; and just as these Federal States, Wessex, Mercia, and so on, prosperous and progressive though they were, had to be disintegrated into counties before peace could be established in a unified 'England'—even so must England and Germany be eventually disintegrated into Federal States, like the Wessex and Saxony here proposed, in order to give the British and Germans progress, prosperity, and above all, peace in a unified 'Europe'.

We British, however, generally take short and rather shallow views; and our opinions so far are divided as to whether any reconstruction—and, if so, what—is required. Some think that all will be well if we win the war and come out top dog. Others think that nothing can restore the happy dog-days when we were all gay dogs, that we shall, in any event, have a dog's life and that a live dog is better than a dead lion. But happily many more of us believe that this dog-fight will clear out the old dogs who can't learn new tricks and let the dogs that have not yet had their day save the country from going to the dogs. Wherefore, as one of this majority, I venture to suggest that the key to the whole riddle of reconstruction, both internal and international, will sooner or later be found

to be the Federalization of England. This means that Scotland and Wales would become States in a British Federation; and, in accordance with our European scheme, England itself would have to be divided into States of less than ten million each; States that would have not only political viability, but also enough economic and ethnic vitality for political progress.

These States might be as follows:

1. Greater London with an area adequate for its administration and amenities and a population of about nine million. The City of Westminster would be excepted as an enclave for the Imperial Crown and the Federal Government—on the analogies of the Vatican City and the District of Columbia. This metropolitan State of London would be, of course, a democracy developed out of the present County Council and Borough Councils. The rest of England might then be divided into four other States. These might be:

2. South England (King Alfred's Wessex) with capital, Reading, and ports at Bristol, Southampton, and the Thames.

3. Central England (King Offa's Mercia and Anglia) with capital, Birmingham, and ports at Immingham, the Thames, and Birkenhead.

4. Northern England. Lancashire and Yorkshire with capital, Manchester, and ports at Middlesbrough, Hull, and Liverpool.

5. Border England, and perhaps Ulster, with capital, Newcastle or Belfast.

6. Scotland, with capital, Edinburgh.

7. Wales, with capital, Cardiff.

The Congress of the European Union would then contain forty English members from five States, four Scots and three Welshmen. Elections in all States of the British Federation as in all States of the Union by P.R. by transferable vote.

#### FRANCE FEDERALIZED

France presents a different problem to the Federalist from that which is common to Great Britain and Germany. In France there is no predominant racial and regional ruling

class, and no imperialist race and régime like that of the Prussians and English. France is a complete fusion of Latin and Celtic cultures and communities, that were consolidated by a Gallic civilization under Roman, Frankish, and Norman rulers before the emergence of the modern national movement. The French nation fused itself by having to fight against English and German invasion. There has been no apprehension of civil war in France, since the resistance of the Bretons to the Revolution; and no Wars of Religion, until the recent revelations of latent class war between Communism and Fascism. There are no national communities or cultures on which to graft new growths of democracy. But there are racial and cultural differences that could be encouraged for the enrichment of the national spirit and to the enlivenment of the democratic inspiration. Such are the Normans and Picards of the north, the Bretons of the west, the Gascons of the southwest, the Catalans of Roussillon, the Provençals of the Langue d'Oc, the Swiss of Savoy, their cousins the Burgundians, the Franks of Alsace-Lorraine, the Auvergnards of the centre, and other lost tribes and traditions. Nor need France fear that federalism would disintegrate its unity. Paris will always be the representative of Roman rule; even though it may occasionally relieve its Republican discipline by some indulgence in Imperial dissipation. The Roman built for all time, whether it was aqueducts, arenas, or administrations. In France, Italy, and Spain, self-sown growths of Home Rule will always have the greatest difficulty in taking a real root in the Roman cement of the State structure.

It is, however, obvious that all prospects of a real European Confederation and of a reliable collective security, as proposed above, depend on France accepting federalization in principle and applying it in practice so far as the situation requires. Some French might dislike the idea as being disguised disintegration; but real disintegration of France is already planned by Germany and the proposal that follows would put an end to any such policy by getting any new independent States 'made in Germany', such as Brittany or Picardy, to enter a French Federation. Besides, federalism may be both admissible and

advantageous under conditions like those in France where a National State would be more constitutionally correct. An example is the United States, where federalism has promoted rather than prevented national unity; for it has prevented democracy from developing into a unit so unwieldy and unworkable as to lose vitality and virtue and lapse into corruption and incompetence. On the other hand, owing to over-centralization French democracy, since the abolition of the Provincial Governments, has become more distended and diluted than is desirable. The tree has outgrown its roots and is, in consequence, beginning to die at the top and to decay in the trunk. The flower of its national soul is fading and the fruit of its social service is no longer in its prime nor the *primeur* of the world. We Europeans fear lest in the winter of our discontent now coming upon us the Tree of Liberty that was planted a century and a half ago may not only fail us but may itself fall.<sup>1</sup>

Opposition to the grafting of federalism on the French governmental system will be dual. There will be that of the propertied ruling class, afraid to lose the profits of its privilege and the protection for its properties by any devolution of power from Paris to provincial capitals. There will also be opposition from proletarian reformers, afraid to lose the prospect of socializing the whole country by simply making the central government Socialist. The first objection—the fear of the propertied class—is unfounded. Capitalism would be less easily converted into Communism if it had more than one head to lose in the guillotine. It would be easier for the Federal States to pull up one State that was going Communist than it would be for a semi-official organization to put down a Communist Government in Paris. Moreover, it is French provincialism and not Parisian finance, that is the best protection for Republican democracy. The second objection, the hope of the proletarians, is obviously futile. The impotence of Socialist Governments in France, Great Britain, and Germany for social reconstruction and the impetus of Cagoulard conspiracies

<sup>1</sup> Written before June 1940. France will now plant federal Trees of Liberty as a Sacred Grove that will stand any storm.



and international intrigues towards civil war must have convinced even the most courageous civic reformer that the Socialization of France cannot be secured by the election of a reformist executive. It can only be sought slowly by developing French democracy and by so distributing it that it cannot be undermined. Wherefore federalism would, in effect, further the legitimate interests of both the Conservative and Progressive camps. As for the illegitimate interests, no doubt the Parisian promoter and profiteer would be justified in fearing that federalism would somewhat restrain him in his happy hunting grounds, the Paris Bourse and the provincial banks, and would somewhat restrict his political power of bribery and blackmail. Similarly, the party politician may well fear that federalism would scrap the old machine politics which alone he understands and that a similar mechanization of federal politics would take time. But we are assuming post-war political atmospheres and activities which would not take account of such parasites and paralytics. Moreover, the greater the risk of a social revolution, the more ready will be the property-owner and professional class to seek a refuge in federalism. 'The Gironde' would have saved France from 'the Mountain'. The French may have too sharply pointed a vision in foreign politics; but their views in home politics are sharp and to the point. They nearly always know who's who in politics, and always know what's what in policy. Whereas, we are handicapped when hunting in a new country by never knowing whom it is safe to follow, what is the other side of the fence, or who is going to jump on us from behind.

The application of federalism to France has not, in its details, the same interest as it has in regard to Great Britain and Germany. It would be enough to unite the Departments into six provincial Cantons—Northern, Southern, Eastern, Western, Central, and Brittany; the corresponding provincial capitals being respectively Rouen, Marseilles, Lyons, Bordeaux, Orleans, and Rennes; with Paris and Ile de France as the Metropolitan Canton.

## RUSSIAN FEDERATION AFFILIATED

The problem as to the proper position of the Soviet Union in relation to the European Federal Union is generally very airily approached, as being whether we should permit it to enter, and the perils if we do. It would probably be wiser to approach it very warily as being rather a question whether we could persuade it to enter and the perils if we do not. The view taken here being that, unless the Soviet system can be brought into some political co-partnership and economic co-operation, the European Union will be little more than a Capitalist combine which will come into immediate collision and ultimate conflict with the Communist complex. A World War between continents, creeds, and classes will then relieve us of any further responsibility for reconstruction, as no structure will be left to be reconstructed.

The inclusion of Russia is, however, so controversial and also so crucial an issue that it is difficult to prevent it from prejudicing the whole federal proposition. French opinion is, as usual, more sensible and less sentimental on this point than British, and also less divided; though the French propertied class is more reactionary and the proletariat more revolutionary than ours.<sup>1</sup> The division in British opinion is somewhat different, being between the 'tender-minded religious' and the 'tough-minded realists'; with the result that we refuse to face facts and that we maintain formal contacts with Moscow while we avoid all factual co-operation.<sup>2</sup> Consequently a combination in one Federation of two communities with such different ethics and economics as the capitalist United Kingdom and

<sup>1</sup> MM. Briand, Barthélemy, and Herriot report, in the latter's *United States of Europe*, p. 232: 'We desire ardently to see Russia forming part of the European reconstruction . . . disregarding ridiculous protests; we hold the same view as to Turkey.'

<sup>2</sup> Professor Jennings, in his useful treatise, *A Federation for Western Europe* (p. 29), adopts this attitude; 'There is an obvious danger of conflict between the Federation and the Soviets, which we must face. It is certainly not the intention to make the Federation an anti-Communist front' Then, after reviewing the risks of war, he concludes: 'The condition of equilibrium between Western and Eastern Europe would nevertheless be somewhat unstable and . . . at the same time, the problem of admitting Russia into the Federation would have to be faced.' If at some time, possibly after a war, why not now? Procrastination is the thief of more than time.

the communist Union of Soviets, that would never have been easy, is now doubly difficult. All that is possible at present is to plan co-operation, in preparation for such a change of circumstances as will restore confidence. Such planning is possible because the liberal *laissez-faire* federalism, followed both by the British Commonwealth and in the Federation of Europe here proposed, would allow incorporation of the European elements of both the Commonwealth and the Communist systems without seriously affecting their own original associations and administrations. In so far as these are affected at all, it is only by alterations that anticipate the course of their normal and natural developments.<sup>1</sup>

The British Commonwealth is a success because its economic ties are as elementary as its political tether; and it is, therefore, the best model for British reconstructionists to bear in mind. Thus when a foreign federalist, with obvious relief, concludes that 'Russia would neither submit to the conditions which Federation (with capitalist democracies) would impose, nor permit the free movement of money, men, and merchandise to her socialist economy',<sup>2</sup> a British federalist could and in some cases would, answer:—that Russia would, of course, never submit to any conditions that were imposed; but would probably concert as to the conditions of any arrangement and co-operate in the carrying out of any agreement. Further, that such an agreement need no more affect the Communist economy than the present condition of commercial relations. There is, as I pointed out so long ago as 1924,<sup>3</sup> a very considerable and very curious resemblance between the unfederated organisms of the British Empire and the federated organizations of the Soviet system. It is, moreover, not merely super-

<sup>1</sup> The Declaration of Rights would therefore have to be drafted with consideration to, and preferably in concert with, Moscow. The Union Government would also have to discourage accusations of bad faith in its application, provided the general principles were, on the whole, observed. For example, an accusation that the British Federation was undemocratic because Ulster was discriminating against Catholics and Communists would be as inadvisable as an indictment of a Soviet Federation for discrimination against Orthodox and Capitalists. In reconciling a dynamic Socialism and a static Nationalism, the Union will have to recognize that 'le droit humaine prime les droits de l'homme'.

<sup>2</sup> Prof von Hayek, 'Economic conditions of Interstate Federation', *New Commonwealth Quarterly*, Vol V, No. 2, 1939.

<sup>3</sup> Report of the British Trades Union delegation to Russia, 1924.

ficial but material and substantial, since it is due to the Soviet 'Empire' being as empirical as the British. The Bolsheviki are practical Empire-builders like the British; but, whereas we begin by adapting any old structure that serves our purpose, patching it up, plastering it over, putting down drains, and putting up a flagstaff, they make a clean sweep, put up a novel structure according to plan and then pull it down again if it doesn't do. They, like mechanics, scrap a machine that won't work as well as they want; while we, like mechanics, tinker at it until it does. The results, on the whole and in the end, are rather in our favour; and though our Empire evolved itself democratically in two centuries and theirs was elaborated despotically in two years, they scrapped so swiftly and sweepingly while we scraped along so slowly and sleepily that we are both now at about the same stage. Both systems are decentralizing authority politically; both are concentrating allegiance personally on, respectively, the Imperial Crown and the Chairman of the Communist Party. The fundamental principle on which both of them work is the same; for it is the concession of autonomy to constituent States, subject to their acceptance of allegiance to a social system and sovereignty. The difference is that the British sovereignty and system is moral and political, centring in the dignity of the Crown; and the Russian sovereignty and system is ethical and economic, centring in the Communist doctrine. But this difference has not affected the development of the principle. Moreover, this principle, which in the British Commonwealth has united British with Boers and English with French, and which, in the Soviet system, has united Communists with Cossacks and Jews with Georgians, is the same principle as that proposed here for uniting British Capitalists and Russian Communists in a European Federation.

Communist rulers are *real-politikers* like Conservative rulers; and, if both are willing to work the European Union, it will work. Moreover, the Communist ruling clique has always approached any new invention, like the Federal Union of Europe or the League of Nations, as being either a possibly profitable investment to be tried out or as being probably an invasion by vested interests to be turned down. They took up

and tried out the League, but, when they found that, not only was it not being worked by the democracies, but was being wangled by the Dictatorships to cover German and Italian invasions, they turned down Litvinoff and collective security and took up Molotoff and armed security. They discarded hearts and began to make good their clubs. Thus the democracies of Finland and the Baltic States were destroyed by the same developments that destroyed the other ten democracies. The long duel of pin-pricks and poison-pens between the revolutionary democracy of the Union of Soviets and the democracy evolved in the United Kingdom has indeed been a disaster to the democratic cause.<sup>1</sup>

<sup>1</sup> The righteous indignation that still inflames us British against the wrong-doings of other peoples shows that our democracy is not yet dead to the world. All the same, there is such a thing as political prudence, and I doubt whether our present baptism of fire is a good occasion for a ritual renunciation of the Red Devil and all his works.

Taking the works first, I feel that I should not have condemned the military occupation of Baltic ports had the Russians been our allies, and that I should not now condemn a similar occupation by us of Irish ports, for a similar purpose, by similar pacific pressure. As to the reoccupation of Polish White Russia and of Red Russia up to the Curzon Line which was the frontier as internationally fixed, or the re-occupation of Bessarabia a little beyond the original international frontier, with the approval in both cases of at least nine-tenths of the population, neither seems to me to call for a Communion Service. The invasion of Finland, on the other hand, was—as Fouché said of the kidnapping of the Duc d'Enghien—'worse than a crime, it was a miscalculation'. It is remarkable, however, how immediately it met with an appropriate retribution. For the strip of strategic territory annexed cost Moscow more in military prestige than it conferred in military protection. Providence, therefore, does not seem to call upon us to crusade about it.

As for renouncing the Devil himself, that is easy enough, but seems to me rather like 'compounding sins we are inclined to by damning those we have no mind to'. Ever since I went, in 1920, with the first foreign delegation to enter revolutionary Russia, I have been convinced that Communism to the English would always be 'caviar to the general'. The intellectuals on the delegation, including myself, found Communism much what a Turkish Dervish found a Euclid he borrowed from me—'interesting but too systematic'. But the industrial delegates couldn't do with it at all and asked me to get Lenin to give us a ship and to 'take us back to London as quickly as you can'. 'Let me see,' said Lenin, 'suppose you run the blockade, then you arrive in London with the Red Flag flying and the band playing, and we shall get de facto recognition—very good. But suppose you are sunk by your own submarines, then there will be a Labour Government and we shall get de jure recognition—even better.' So, grinning and chuckling, he wrote a note to Trotsky to give us a steamer (a note I still have); and was so pleased at the joke that I also got another note to Dzerzhinsky to release my last list of suspects from the Tcheka. But the delegation didn't see the joke, the ship didn't sail, relations have never been established democratically, and Russia is still diplomatically the very devil.

Acceptance of a common aim in European reconstruction would at once restore an atmosphere of confidence. Thereafter, co-operation presents no difficulties in principle. Moscow's policy is, in principle—like that of Washington—prevention of a Prussian empire over Europe. The difference between Moscow and Washington is that Moscow co-operated in the defence of European democracy until it was convinced that the British and French would not fight for it; while Washington was brought into co-operation by being convinced that the British would. It was the debilitation of our democracy in the pre-war appeasements that lost us both Russian and American support in this war. It is the determination now shown by our democracy in this people's war that has recovered the confidence and co-operation of the American people, and may yet recover that of the Russian people. But, in both cases, these peoples will reserve their full confidence and refuse their full co-operation until they know for what we are fighting. Given that such co-operation would commend itself to Moscow as a preparation for World Peace and a participation in Western capital; which are both essential, for the evolution of its experimental ethic and economy. Communism has long renounced its original policy of revolutionizing Europe by missionary propaganda or by military pressures.<sup>1</sup>

Unfortunately, on our side, the bogey of Bolshevism still haunts the pulpits of the elect and platforms in the elections. There is still some danger that the angular Anglo-Saxon attitudes of our Elder Statesmen, that led us into and nearly lost us this war of democracy against despotism, may lead us into a war of Capitalism against Communism; but it is daily diminishing. Even the priesthood of what John Bright called the Temple of the Egyptian Mysteries is beginning to believe that it might be well to agree with an adversary while one is in the way with him.

<sup>1</sup> As expert delegate of the British Trade Union Delegation (1924), I was given the investigation of the origins of the Zinovieff letter that had been exploited in the General Election which had overthrown the first Labour Government. In the course of this investigation I got access without notice to the confidential records and minutes of the Comintern. There was, even then, little or no evidence of subversive activities in Western Europe, though they were very much in evidence elsewhere.

## A CAPITALIST-COMMUNIST COMBINE

The political difficulty of affiliating federally a totalitarian Union of Soviets with a libertarian Union of Social Democracies is met mainly by not basing the European Federation on the Great Powers. The proposed federalized Member States of the Union and its smaller National States would be paralleled in the Union of Soviets as to size and status, though not, of course, as to social structure. The Communist system is geographically divided between Europe and Asia by the Ural frontier as suitably as our Commonwealth is divided by the Atlantic. It is an advantage that the Communist ideological centre at Moscow would be included and that its ideological frontier with Capitalism through a wide border-land of Lithuanians, Poles, Ruthenians, and Roumanians would have no fixed and firm fighting front. Similarly that the Capitalist centre in London would be enclosed by no fighting front but by the more or less Socialist States of Scandinavia and the more or less Corporative States of the former Axis. Such economic problems as the combination would provide are dealt with in a later chapter; which will also return to the risks we shall run if we exclude the Soviet States from the Union.

Association between Capitalism and Communism in a European Union will be a better insurance against internecine or international war than any armed security. Because, as the economic chapters explain, Federation will flatten out the barbed-wire entanglements of mutual fear between State Communism and State Capitalism, while Federalization will fill in the trenches along the old fighting fronts between classes and between countries. The high road along which we must make our escape from international war towards a better collective security is that of Federation. The low road along which we must escape from internecine war towards the betterment of capitalist society is that of Federalization. The present war is even more for wages and welfare than it is for ore and oil; so, if you take the high road and I take the low road then I shall get Scot-free before you.

## EPILOGUE

Finally, what hope is there of getting Germans so to react against Hitlerism as to become progressive and peaceful Saxons, Bavarians, and so forth? What hope of getting Paris to devolve power to cantonal capitals at Lyons, Marseilles, and so forth? What hope of getting our ruling class so to repent of its hatred for 'Home Rule' as to relieve the English from being ruled by Celts and to renounce England's rule over their countries? The answer is that, in peace, the hope would be about that of getting butter out of a dog's mouth or of making a snowball in Hell. But in war all things are possible. A year of war has made the French, British, and Germans, sick of the soul-less, senseless National-Socialism of war censorship and controls, and sighing for the real protection of collective security and the progress of really socialized communities. We have had to swallow in our hearts and by our hearths such caravans of camels that we are not likely to strain at a few more gnats getting Home Rule. War's destructions will inevitably end in disintegration and disillusionment. But a planned political disintegration of Great Powers that is counterbalanced by an equitable economic integration of Europe may end war and waste; and a spiritual disillusionment may lead to purposeful penitence and not merely to death-bed repentance. To quote the latest encyclical of Pius XII: 'Hours of disillusionment are often hours of Grace.'



## CHAPTER III

### REMEDIAL ECONOMIC FEDERATION

'Those who prate about a better social order after the war are talking mischievous nonsense. However the war ends, we shall be an impoverished nation. We shall all have to work harder and spend less.' (Dean Inge in the *Evening Standard*.)

#### MISCHIEVOUS NONSENSE

ECONOMICS are the basis of politics;<sup>1</sup> and the value of proposals for European Federation can be roughly estimated by the extent to which they establish their economic foundations. Most of such projects do not try to tackle economic problems either as to principles or procedures; though there have been some excellent examinations of difficulties of detail in technical terms. Nor shall I attempt here to lay down the law as to the construction of a new order of economy for Europe. I can only light up the lines on which new economic laws and a new economic order are reconstructing themselves. Along these lines of least resistance we may be able to feel our way towards empiric solutions that will establish Europe in time as a new economic entity; that will develop a new social system and so save this generation from misery and the next from another massacre; that will lead us to a promised land of plenty and to an 'economy of abundance' out of this wilderness of waste. A wilderness in which industrial consumers starve in one country and agricultural producers in another because economic exchanges are so disordered that food has to be destroyed. Where, in one country, workers are degraded into slaves and, in another, workers degenerate into paupers, because money power is monopolized and mis-

<sup>1</sup> 'A Federation will stand or fall by the adequacy of its economic constitution.' (Prof. Robbins's paper in *Federal Union: A Symposium*, 1940, p. 167.)

used. Where waste leads to war and war wastes what is left; so that war is welcomed by men because it restores them their manhood, and by women because it restores them their motherhood.

Partly owing to the inhuman and unethical economics preached first by the apostles, and then by the apologists, of the Industrial Revolution, economic chapters are generally skipped by the reader as being, at best, unreadable and unreal. But, from the collision between the Gospel according to St. Mark and that according to Comrade Marx, there has emerged a school of ethical economics or Christian Socialism; and it is economists of this school who can best tell us how to build our English and European Federal Reconstruction on firm foundations of ethical law and economic order<sup>1</sup>. Moreover, economics, when flavoured with ethics, become as human as the New Testament and as helpful as a Cookery Book. We have only to remember that ethics have to do with political forces and economics with the facts of productivity; also that both the political forces for change and those for conservation are always presented as ethical laws; while they always proceed from economic disorder—from have-nots defying the existing order or from hold-fasts defending it. Now the two forces making for change to-day are—‘Nationalism’, that is, the sweep forward during the last century towards racial and regional regimentations of society—and ‘Socialism’, that is, the swing back during this century towards an ordered social democracy; and in this scientific sense the words must be dissociated from the patriotic and party sentiment that has made them controversial. ‘Nationalism’, which is political and was remedial in its origin, has become a force for enabling the well-to-do to retain economic power, and is now crystallizing into a New Order; whereas ‘Socialism’, which is economic and reconstructive in its objectives, is a force for enabling the workers to acquire economic power, and is still in an early

<sup>1</sup> e.g. ‘The Economic Revolution’ (National Peace Council) which contains excellent expositions of Europe’s economic emergency; except only in respect of the Nazi ‘New Order’. For Mr. Wellock excuses it as being caused by the ‘Ottawa Preferences’; Professor Laski expects a cure by a ‘Cromwellian Revolution’; and Mr. Martin explains it as a ‘Price Stop’.

phase of explosive eruption. Wherefore in the Bastille in which we have taken refuge from fear of our neighbours, Nationalism has had to be kept up by doping it with a sort of religious revivalism; whereas, in the economic Bedlams to which we have been committed by fraudulent trustees, Socialism has had to be kept under by drugging it with sedatives and dosing it with purges. Nevertheless, the conviction grows that it is not so much Socialists who are mad as the social system; and it is that conviction which has caused our National-Socialist enemies to have so easy a conquest over our fellow Europeans. That they will not so conquer us is because we English, alone of all Europeans excepting the Spaniards, have had so long a training and so lively a tradition in self-government that we can see instinctively that the enemy's National-Socialism is nationally a frame-up and socially a fraud. Moreover, we believe that if the Spaniards, betrayed by their ruling class, bombarded by the militarist dictatorships and blockaded by the maritime democracies, braved death and the dictators for three years and lost; we, with the support of world democracy, can do the same and win. But we also see that we cannot win unless we make it clear to the world that we are not fighting to maintain Europe as the economic Bedlam that it has been of late; that we are fighting to end economic wars between classes as well as political wars between countries; and that we have found a way to peace that will lead all Europe out of the wilderness of war and waste and want to a Promised Land.<sup>1</sup>

#### REMEDIES BY DEMOCRACIES

The first German war brought all the plagues of Egypt upon Europe. The war ended; but Europe's rivers still ran blood, frogs swarmed in all its borders, its cities became lousy with Communism and its country-sides flyblown with Conservatism, the locusts of usury consumed its substance and the darkness of despair descended on it as it saw that its firstborn was again doomed. These plagues were blamed by Fascists

<sup>1</sup> As M. Herriot writes (*United States of Europe*, p. 12): 'The very reasons for which Europeans have killed each other so freely to shift a few Customs frontiers a few miles are precisely those which should make them unite in the peace of a wise Federation.'

on the Jews, and believed by fatalists to be Jehovah's attempts to free their own Chosen People from bondage. But no Moses appeared from among the False Prophets, whether demagogues or dictators. Pharaoh would not let the people go and

Sir Moses, Sir Aaron, Sir Jamramajee,  
Two stockjobbing Jews and a shroffing Parsee,  
Having entered the Order of High Chivalree  
Instead of the Red Cross have set up Balls Three.

The revolution in the national economies and economic nationalisms of Europe was nevertheless realizing itself—and recording itself, unrealized, in ephemeral events and in technical terms. The plain man could not believe that the Golden Age was over until the pound was devalued and gold disappeared—gold being the one international institution that cemented the capitalist competitions of Sovereign States into a crust of commercial co-operation. This loss of confidence in the pound followed a loss of confidence in the peace; and it was followed by a cut-throat competition for gold, without any concern for its proper apportionment as a reserve securing internal and international credit. Before 1930, the gold reserve of Great Britain was thereby reduced to £3 per head, while that of the United States was raised to £6, and that of France to nearly £9; this being in about inverse proportion to what would have been proper in relation to their respective turnovers as World bankers and brokers. The result being much the same as when panic-stricken depositors ruin themselves by a run on their bank. For this 'sterilization' of gold so prejudiced currency and credit as to prevent consumption and produce a fall in prices that prohibited production. Meantime, in compliance with the conclusions of an International Economic Conference at Geneva (1922), international finance was everywhere either strengthening or restoring the gold standard, economizing expenditure, and balancing budgets, in the interests of sound finance and the security of loans. So, that by 1926, practically all civilized States were more or less satisfactorily based on gold; and were sadly bearing up as best they could in a crisis of financial deflation and economic depression, of unemployment and under-expenditure, for which there was

no apparent explanation in a world that was willing and well able to produce prosperity for all.<sup>1</sup>

The explanation generally accepted was that to free Gold it was necessary to free Trade; a solution that suited well the nostalgic neurasthenia that sighed for a return to the Golden Age. Accordingly a World Economic Conference, convoked by the League, reported (1927) that 'the time has come to put an end to the increase in tariffs and to move in the opposite direction'. This revival of the third of President Wilson's points—'the removal, as far as possible, of all economic barriers'—unfortunately conformed more to the traditions of classical economics than to the trend of continental economies. France responded (1928) by raising its tariffs; twenty-seven European States followed suit (1929) and the United States (1930) raised its Hawley-Smoot sky-scraper. There followed the cataclysmic collapse of the whole structure of international finance. But quite undaunted and wholly undiscerning, the British persisted in their pursuit of an ever-receding phantom of Free Trade and Free Gold. A Tariff Truce Conference of thirty European States met at Geneva (February 1930), which failed and was immediately followed by a Conference of Concerted Economic Action of twenty-six States (November 1930), which failed and was followed by an Economic Conference (March 1931), which failed in three days, and was followed by a British defection from Free Trade and Free Gold, due to the economic emergency being exploited by party politics. Whereupon a 'National Government', with a majority in both Houses, composed of Progressives crusading for Free Trade and Conservatives campaigning for Free Gold, abandoned both Free Trade and the Gold Standard within a few days of being elected to maintain them (November 1931).

The next phase of our remedial economic reconstruction by

<sup>1</sup> The Genoa Conference in 1924 effected nothing but a very informal resumption of relations between the Capitalist and Communist sections, an initiative that was not followed up. Broadly speaking, the Economic Consultative Committee and the Economic Conferences merely retarded reconstruction by referring it to interminable investigation. These activities have been well recorded in the Chatham House *Annual Survey*, M. Herriot's *United States of Europe*, and the Hon. George Peel's *War: Its Root and Remedy*.

Democracy was inaugurated with a flourish of trumpets that are generally regarded as having sounded the 'Last Post' over the grave of Free Trade, but that should rather be reckoned as the first blast against the tariff walls of the Protectionist Jericho. The 'Greatest International Assembly ever held' was summoned by Mr. Ramsay MacDonald to see him save the world by making it with a wave of his wand 'into an Economic Unit'. Sixty-four States were represented at this World Economic Conference that met (June 1933) in the South Kensington Geological Museum, from whose dusty shelves no 'chunk of old red sandstone' disturbed this Coroner's inquest on the dry bones of an extinct economy. The Conference dissolved within a month because the Governments represented had no such control of either their national economies or their international commerce as would enable them to organize control and co-operation in the international relationship. But, before dissolving, it gave formal recognition to a new development in World economics. For it recommended raising the price of products by restricting production; as a remedy for the economic exigencies and exchange emergencies, due to the rise by one-third in the value of gold and to the removal of two-thirds of all available gold from its proper use. This meant that civilization was simultaneously pursuing a sterilization of gold that depressed prices and a sterilization of goods that raised them; and that it proposed to reduce the production of consumption goods below the requisite provision for consumers so as to raise the price beyond what consumers could pay. The Soviet Ambassador was not merely fulfilling his usual function of Skeleton at the Feast when he warned the Conference that this 'Economy of Scarcity' must lead to war. For it was obvious that war alone could realize waste on the scale required, and that war alone could rally popular support for so insanitary and insane a social system.

By 1935 the peak was reached of this attempt by Western Capitalism to restore an economy of scarcity by the destruction of produce and the restriction of production. In that year, while the restrictions on commerce reached their maximum, the United States sterilized £375 millions of gold; half as

much again as the world's production for the year. A last appeal by the Second Committee of the League Assembly (October 1936) against 'excessive protection' produced only a last abortive attempt at tariff reduction as between the 'Oslo Powers'.<sup>1</sup>

The final phase was one of spasmodic and sporadic efforts to mitigate the worst evils by 'economic appeasements'. Attempts of this nature like the League of Nations' Report on Raw Materials (September 1937) and the League Draft Convention for Agricultural Credits, were some of them ratified by as many as seventeen States; yet not one of the whole series was ever realized. Measures for organizing banks of issue, for dealing with trade depression, for restricting immigration, for relieving over-population and for reducing unemployment, were worked out, welcomed and waste-paper-basketed. The fact was, that although such remedial policies were very generally approved by both the politicians and the peoples of Europe, the politicians had at that time no mandatory power from the peoples to impose them on the organs of money-power or even on the organized man-power of Employers' and Workers' Federations. So, as soon as the combination of progressive parties concerned was put out of office, the proposals were pigeon-holed.

This fickleness and feebleness were owing to an infirmity of democracy that originally caused the Romans to invent the institution of dictatorship for a special purpose and period—generally for reconstruction. An infirmity which convinced Machiavelli that 'hardly ever has any Republic or Kingdom been constituted or reconstructed otherwise than by the work of one man'. An infirmity that, of late, has caused ten European democracies one after the other to succumb to economic reconstruction by dictatorships that usurped power through *coups d'état* and foreign conquest. If the democracies now succeed in integrating Europe into an economic entity, it will be mainly because the dictatorships will have cleared the ground by sweeping away both propertied and proletarian vested in-

<sup>1</sup> The 'Oslo Powers' were Sweden, Norway, Denmark, Holland, and Belgium.

terests. Let us give the devil his due for ridding us of miles of ugly and useless iron railings and piles of unsightly and unsuitable brick buildings. It is even possible that we shall never rebuild the worst absurdities of Capitalist economies, based on a scarcity of commodities that no longer exists, or of Communist economies, based on a surplus value of labour that never did exist; and that the best of our Nationalist-Socialist Government's war-structures will not be removed. But something more constructive than that will be required if we are to compete in this war, or to co-operate after it, with the State Socialisms established by a civil war in Russia, by a cruel coercion in Germany and by a *coup d'état* in Italy.

#### REMEDIES BY DICTATORSHIPS

Taking Italy first, as being a half-way house, in degree of reconstructive development, between Great Britain and Germany. For the Italian 'integral Corporative State' is political, in the interest of a régime, not economic. It is not much more economically reconstructive than the unintegrated corpus of our war controls. The Italian objective is very much our Big Business optimum of pegging pay, prices, and profits in a reasonable relation to costs. Nor, below the paper plans and behind the patriotic propaganda, is the Italian 'Corporative State', in practice, much more than a systematic concentration and co-ordination of production, such as our reorganization for war purposes is realizing syncretically. For, in order to conciliate vested interests and voting interests that are, in principle and in peace, irreconcilable, we are having to 'nationalize' production gradually and gently. First, by rationing raw material, then, by reducing redundant manufactories—always with the minimum of coercion and with the maximum of compromise and compensation; which is the point we have now reached (March 1941). But the difference between Fascism and this 'futurism' of ours is mainly one of comparative economic and ethical cost, as between evolution and revolution.

German National Socialism, on the other hand, is a rapid



and radical revolution of the same order as its half-brother, Russian Communism. The organized obedience of the Ant-hill has always been the Teutonic conception of national economy, just as the Slavs have always conformed to the more ethical but less economical formula of the Bee-hive, in which drones are seasonally and summarily liquidated. Whereas both these are remote from our economic concepts, which, in peace, are those of a Hunting Wasp and in war, those of a Hornet's Nest. There is moreover, nothing novel in this German revolution. It is over a century since Fichte preached economic nationalism, and over half a century since his follower, List, pointed out that the individualist internationalism of England was the obstacle to such an objective. By the time Hitlerism reached power European economic conditions were ripe for a realization of this German ideal. Germany, having renounced Democracy and all its debts, got almost as good a start over Great Britain in the National-Socialist Revolution as, two centuries before, Great Britain got over Germany in the Industrial Revolution. Its liabilities, material and moral, had been reduced to a minimum; its industry had been re-equipped on American loans which had been mostly repudiated; stocks of raw material had been accumulated to a value of over a thousand million sterling, much of it not paid for; the most highly trained and tractable of working classes had been raised to a pitch of patriotic sacrifice and reduced to a 'Labour Front' of impotent servitude; and, last but not least, the old régime of the Prussian officer and official caste had been reinforced by fanatical factionaries with the political intelligence of dingoes and by an Austrian demagogue with the intuitions of a political duchess.

The first German Four-Year Plan (1933-7) was a remedial reconstruction for the removal primarily of unemployment—the evil that was menacing all the social systems of Europe. The second Four-Year Plan that followed was reconstructive, and for the realization of economic Nationalism; nor was it probably anticipated that the pursuit of economic Nationalism by authority would be expanded by circumstances into the present prosecution of economic Imperialism by aggression.

But even the first Four-Year Plan was an aggression against the peace of Europe, attributed to but not absolved by the failure of the Versailles victors to disarm. For its whole economic basis was a German rearmament; which was conducted secretly and simultaneously with German co-operation in the World Disarmament Conference (1932-5). The revelation of this rearmament in the Budget of 1934 gave, as was intended, a *coup de grâce* to the policy of collective security. For, unaware that, by their appeasements of Prussian Conservatism, they had made German democracy their first sacrifice to dictatorship, Western Democracies went on diplomatically dilly-dallying with disarmament. Even after the German Budget of 1934, the British Government was reluctant to recognize that the proof of pacifism we had given by our partial disarmament had been, not only exploited by dictatorship, but had exposed European democracy to undeniable danger. This arming by Germany was not, at first, aggressive, and its objective was rather against its own army of seven million unemployed than against the armies of its former enemies. With remarkable rapidity, unemployment was cured by conscription into the army, auxiliary services, and armament works. The War Economy established by the Third Reich two years before it was openly waging war was indeed much more effective than that which we shall have enforced after two years of a war in which we are obviously fighting for our lives and liberties. For, before the advent of the second Four-Year Plan (1938), not only were the worst economic evils eliminated, but the national economy had been elevated to a prosperity that was imposing, even though it was in a sense an imposture. Thus, national income had almost doubled, and revenue had quadrupled. Expenditure, which was mostly for remunerative returns from expansion, was double revenue; but the balance was being easily 'borrowed'. For this purpose the capital market was monopolized and all Banks, Saving Banks, Insurance Companies, &c., were compelled to take up short term Treasury Bills and Reich Loans in due proportion. The total debt after a year's war was probably about R.M. 157 milliards (£7,850,000,000), which

would be about what their war debt was in 1918.<sup>1</sup> Production, which had receded from an index of 100 in 1928 to 54 in 1932, was raised to 113 in 1937. Dividends were limited to 6 per cent. and prices were controlled. The cost of living, which from an index of 100 in 1914, had risen to 120 in 1932, had only risen to 125 by 1937, the corresponding figure for England being 165. Moreover, food, clothing, and almost all necessities being rationed at fixed prices, a rise in price level mattered less to the workers.

On the other hand, through direct taxes and levies on wages, and indirect taxation of beer, tobacco, &c., which taxes were recently (February 1941) raised by half, the workers were even more heavily mulcted than the wealthy. Their consumption having been thus reduced to a minimum by rationing of food and goods and by repeatedly raising taxation rates, their savings which consequently increased to as much as one-seventh of the national income were also conscripted for carrying on the war. In short the New Order is a modern internal combustion engine for war-making, beside which our War Socialism looks like a medieval windmill. For under this system of production by forced labour and forced loans the more munitions produced, the more money there is to produce them. It is like the scheme for feeding cats on rats, and other rats on the cats, feeding the old cats' kittens on those rats and using the skins of the alien rats and of the Arian cats as pelisses for the Cataphract Guard of the Grand Catawampus. It is a 'Skin Game' which we shall also have to play by letting ourselves be shorn pretty close by 'Dr. Skinner' if we do not wish to be skinned alive by Dr. Schacht.

We should, however, be making a mistake if we assume that the German people so resent this exploitation that they will risk a revolt against a Police State of immense material and some moral strength. As to the 'moral' strength, we must remember that these are Germans, to whom art galleries,

<sup>1</sup> This is nearly double the amount of R.M. 79 milliards admitted by Dr. Schmidt, Direktor of the Deutsche Bank (22 February 1941), but the difference is probably one of accountancy. He estimated the revenues in 1940 as R.M. 34 milliards, which he stated was one-third of the national income and he assigned two-thirds of the revenues to military purposes.

theatres, and concerts at popular prices, people's cars and cruises, cheap victories and a charlatan vainglory are acceptable substitutes for a free Church and State, for popular education and enfranchisement, and for a Parliament of parties and a political Press. We must also remember that the National-Social Revolution has in ten years raised a disarmed, disunited, and disheartened people to a position of imperial power over Europe; that we, a much less patient people, have endured for a century an irrational régime of economic exploitation, that has ruined our agriculture and raised unemployment to nearly three millions, solely for the sake of our imperial supremacy; and that the Germans have not as yet paid the price of empery. No doubt the German workers are enduring suffering and sacrifices; their working hours are severely lengthened and their wages seriously reduced by levies, they have lost their legislative and labour representative rights, their standard of living has sunk towards starvation level. Moreover, they may see, some of them, that the State's apparent prosperity is an ingenious fraud, and that the money they are saving is fairy gold. But they all also see that National Socialism has stabilized the currency and stopped unemployment; and, remembering their sufferings from these economic evils, they are prepared to make almost any sacrifices in war to retain this recently acquired right to security of employment and to social enjoyment. National Socialism has so far implemented and even improved on its promises, and Germans are disposed to believe that it will continue to do so unless we British defeat it. The reasons why the New Order must continue to expand until it explodes or expires of exhaustion, are wholly withheld from them; and all its difficulties and their discomforts, past and present, are attributed to the British blockade. So that, if the New Order had restricted itself to its own racial region as the Soviet System has done, it would be as impregnable as that System has proved to be against insurrection from within and intervention from without. But the New Order being inspissated with Capitalism and inspired by Nationalism is inherently and inevitably impelled into aggressive expansion and exploitation. There-

fore, the probabilities are that National Socialism, as distinct from Nazism, will, in any event, survive in Germany; but that Nazi Imperialism (Hitlerism) will either succumb early to the resistance it has aroused outside its system, or, eventually, to the reactions that it will rouse against itself from within.

As the result of military success, the New Order has overshadowed all Europe, and is operating, more or less, except in Spain, Portugal, Italy, and Greece in the south, Sweden in the north, Russia and Turkey in the east, with Yugo-Slavia, southern France, and Switzerland as enclaves. Its Gross-Raum-Wirtschaft is being organized in economic zones, of which the interior industrial zone, will comprise not only the Province of Poland and Protectorate of Bohemia, but also Franche-Comté and Burgundy, Alsace and Lorraine, Luxembourg, Picardy and Artois; also, probably, southern Sweden and German Switzerland. These industrial regions will be incorporated intimately in the German economy; the policy being, to concentrate in Germany all high-skilled and key industries and include non-German heavy industries in the incorporated zone, which would have more than half the industrial population. The outer zone whose population would be three-fourths agricultural, being left to the production of semi-manufactured and consumption goods, and to supplying food and raw materials, ports and shipping. The whole organization will be controlled from Berlin, where economic plans regulating production and consumption, distribution and commerce, capital and investment, will be scientifically systematized. The new Continental Economy of State Capitalism will be exclusively established on demand and supply as between incorporated States and on commerce and contract as between State Corporations. It will be a régime of scientific socialism, systematically regulating prices in relation to costs and seriously restricting both profit and property. But, before all and above all, every transaction and all trading will be so weighted and wangled as to provide the maximum of profit and prosperity for Germany. For example, wages, for the production of raw materials, semi-manufactures and foodstuffs in the outer zone, would be low; while wages and welfare, prices and profits, for

manufactured products in the inner zone, would be higher, and highest in Germany itself. The same differentiation would be still further developed through control of the currency, commerce, and capital resources of Europe.

As yet, the New Order operates only as a system of State Trading between the subjugated national economies, conducted through, and co-ordinated by, Berlin.<sup>1</sup> But the longer the war lasts, the more completely will Europe be organized as an 'Autarky' to the exclusion of all economic or ethical commerce with the rest of the world, and as an 'Autarchy' for exploitation by the Prussian ruling class.<sup>2</sup> In short the Prussian imperialist State capitalism which is being swiftly imposed, to a timetable and according to plan, on the former free States of the Continent, seems very similar to that once imposed by another Imperialism on the Free State of the Congo.

That so crude and cruel an oppression of all the countries on the European continent could long survive, is inconceivable. But we should be making another mistake if we counted on the co-operation in revolt of even the non-German peoples who have been subjected by force and fraud. This force and

<sup>1</sup> State trading transactions between the Reich and its subjected States are on a barter basis; the Reich taking all it wants, and giving anything it does not want—whether the other party wants it or not. Large credit balances, in favour of the subjugated State, are allowed to accumulate. Purchases by German institutions or individuals are paid for at exchange rates, fixed by the Reich, in irredeemable paper. Thus, Denmark has a credit balance equal to about one-third the value of products exported, and has lost all its livestock.

The International News of Chatham House (25 January 1941) in a useful review reports: "The Reichsmark would be an international currency in that international trading accounts would be settled through a clearing office in Berlin. The *Deutsche Volkswirt* declares that it would be desirable to have stable exchange rates, so that countries would have to adjust their economic policies to make their foreign trade balance. Currency would be based "not upon gold but upon work" (meaning presumably that monetary policy would aim at keeping money wage-rates constant).

<sup>2</sup> These two terms are often confused. As the Greek derivations indicate, 'autarky' means economic self-sufficiency by supplementing or substituting home production; while 'autarchy' means a political supremacy that can control or commandeer foreign supplies. They are, in fact, modern modifications of Protection and Imperialism. German policy has developed from the autarky of Nazism to the autarchy of the New Order. Autarky, like Protection, is not conducive to Peace and Progress; autarchy is incompatible with both.

fraud is the equivalent in the international relationship within Europe to that which was employed in the first destructive phase of the National-Socialist revolution within Germany. The same destruction that then descended upon the free Constitution and Frankish culture of Germany, when its enthusiasts were replaced by gangsters, and its enemies removed by the Gestapo—that same destruction has now descended on the constitutions and cultures of the Continent. Parliaments and politics are gone; the printing press only reproduces its master's voice; gold reserves and art treasures are looted; agricultural workers are lucky if left enough food to live on; and industrial workers are lucky if they are only conscripted to make German munitions at home, and not carted off as Labour Corps to Germany. There is some sabotage, and much sedition, but there has, as yet, been no rumour of revolt. Before long, as the New Order in Europe develops its constructive revolutionary stage, it will begin to offer some modest measure of the economic security and social enjoyment that it now affords in Germany. Already recent servile submissions to the Axis by agricultural States are not wholly due to military menace. They are partly explained by the realization that, although the preliminary phase of 'liquidating' and looting will be unpleasant, there is thereafter a prospect of an association with European capital and commerce, under German control, that will permanently put an end to the starvation and stagnation from which peasant peoples have suffered since the last war.<sup>1</sup>

<sup>1</sup> Q A J.B. reports in the *International Bulletin*, Chatham House, 25 Jan. 1941: 'The picture of the German plan for Europe is one of a predominantly industrial Reich, surrounded by predominantly agricultural satellite countries, whose production and extra-European trade is under German control. This, superficially, offers considerable attraction to the Satellite States. Those which are industrialized might well find absorption in the German Reich economically the brightest possibility; the more agricultural or mining countries would have the large German market guaranteed them by long-term contracts, and their chief anxiety, the competition of more efficient overseas agricultural countries, would thus be removed; as it has been partially removed from the farmers of south-eastern Europe in the last few years. The Netherlands and Denmark at present have to slaughter their livestock because the imports of foreign fodder are cut off; but this, they are told, is the fault of the Allied blockade, and Germany presumably intends to import fodder for these farmers, or fodder may be available from the south-east when sea communications are open again'.

Will, then, the gangsters and quislings get away with the goods; unless and until we drive them out of every country in Europe and override those natives who appreciate the economics of the New Order though they disapprove its ethics? No. I think they will undoubtedly be thrown out; as soon as it is clear that they have served their turn and that the delectable baby will not be thrown out with the dirty bath water. I remember how I used to point out to Americans that their Gangsters and Racketeers were, like our Luddites and Ratteners of a century ago, merely a remedy-by-war of inequitable economic laws and an intolerable social order; that gangsterism was the first destructive phase of revolution and that the racket was the first constructive phase that followed; that the racket in name and nature dated back to the breakdown of the economic order by the incipient Industrial Revolution in Tudor times, and that it then was, as it now is, a recourse to organized terrorism for the raising of prices and the reduction of unemployment; finally, that as so long as civic reform did not reconstruct Chicago economics, Chicago ethics would be powerless against gangsters and racketeers, and intelligent investigators, like me, would be blazed at with tommy-guns on a main street and nearly blown out of bed by a bomb in a laundry behind my hotel. It was indeed quite as much the reforms of the Citizens' Leagues as the raids of the Federal gunmen that saved the United States from a 'New Order' of Al Capone. To free Europe from Hitler, we have not only to beat off the Germans with better planes, we have to outbid them with better plans.

#### THE NEW ORDER AND NEW EUROPE

The New Order of National Socialism is not merely German War Socialism. It is the Social Revolution against Capitalism that has come, as all wars do, in an unexpected moment and manner. For nearly a quarter-century we have apprehended, and still apprehend, its realization by Communist propaganda and Comintern proselytizing; and we have not appreciated, and still do not appreciate, that it is being realized



by Prussian aggression and by Nazi gangsterism. Yet for half a century it has been prophesied that Revolution in Western Europe would come from the propertied class, not from the proletariat; and from Nationalism, concentrating through international war on conquest, and not from Socialism, concentrated by internecine war into Communism. It has now been proved up to the hilt—of ‘the sword that we shall not now sheathe’—that the menace to our social system came from the dynamic development of the revolution centred in Berlin, and not from that centred in Moscow, which is now static and stabilized. Moreover, this German revolution is being effected as expeditiously, and much more economically, than the Russian Revolution. For, in Germany, a façade of private profit and property has been preserved, and the co-operation of the previous ruling class has been secured. Consequently the proletariat acclaim the new régime as a Social Revolution; the propertied class accept it as an economic exploitation of Europe for their benefit; and both approve it as a patriotic contribution to a defensive war, and an imperial conquest of a continental ‘Lebensraum’. By requisitioning the costs of reconstruction from other countries, and by running their new State Capitalism on convict and conscript labour—in other words by having revolutionized as a contribution to victory instead of as a consequence of defeat, the German real-politikers have completely outclassed the Russian revolutionaries.

As for the British Social Revolution, neither in respect of England nor of Europe, are its economic effects as yet at all evident. If it were not that the world is at war, and that the winner of the war will, for this purpose, be Warden of the World, our contribution would not be worth considering. But the war that has established Berlin as the Comptroller of European Economy, has started London on controlling the economy of England. These war controls and their obvious objective in a British New Order, have given our Liberals and Labourites practical proof that not only the English, but also the European economies are crude governmental organizations that must be put in order, and not complex growing organs that will order themselves if let alone; and that the whole financial framework of Capitalism is now as artificial and

therefore as amenable to authoritative and administrative amendment, as is the financial framework of Communism.<sup>1</sup> Which is a point of the first importance if the two systems are to co-operate in organizing and operating the economy for New Europe. A point of almost equal importance being that the failure of European democracy to unite for economic reconstruction, was owing to the want of any Governmental control over their national economies. But, as things now are, supposing that we have proclaimed our proposals for a European economy of Federalism and Freedom, and having lost all the battles but the last, find ourselves forced to give it effect. Why, we should find that the fiscal and federal powers essential to our European economy would already have been organized and operated under the New Order. Our first function would be merely to eliminate the Feudalism and Freebooting of Nazi Dictatorship and to establish our democratic Federalism and Freedom. A process like that by which the Church converted cannibal rites into canonical rituals, and pagan idols into plaster saints.

The second British function in reconstructing Europe is, however, one of so much difficulty that we alone could discharge it. It is the function in which the Prussians have finally failed—namely, that of uniting Europe in general, and the United Kingdom and the Soviet system in particular, in a voluntary economic co-operation. Now the obvious, and probably the only, substitute for despotism is federalism; which is a system of democratic constitutions carried on by diplomatic co-operation. What are the precedents and the prospects for such a system? As to a precedent, it has been often pointed out that we now find ourselves back in what European historians called the 'Dark Ages' or Chinese call an 'Age of Confusion'—an age like that in which our ancestors had to

<sup>1</sup> Here is an anticipation of where we shall arrive if the present war economics are fully developed: 'For the duration of the war, do away with all salaries, wages, rents, rates, taxes, interest, and dividends. Let every man (and woman) be at the disposal of the State to be used in the capacity where his value would be of the greatest benefit, and in return provide him with the wherewithal to live. Let the Government take over the responsibility of keeping all property in a fit state of repair, so that it may remain a reasonable asset. In other words, stop inflation, as inflation will, if pursued, render savings valueless, and the workers' wages, even if increased, insufficient to purchase the necessities of life.' (King-Hall, news letter, 29 November 1940.)

reconstruct Europe by means of the feudal system; in order to save the economic order of the rural manor and urban guild, as well as the political law of the Roman Empire and of the Christian Church, from the Vikings and their Valhalla. And it was well for the world that this feudal reconstruction was effected by 'dictators' like Charlemagne and Alfred, Gregory and Benedict.<sup>1</sup> But what has not, so far as I know, been pointed out is that, when and while autocracy was building up the feudal castles of the Holy Roman Empire in the political field, a democracy, led by merchants and money-lenders, was building up the financial citadels of the Hansa and other federations of Free Cities in the economic field. Further, that this federalism not only associated with feudalism on equal terms under the military aegis of the Emperor and the moral authority of the Papacy; but, having control of currency, commerce, and commodities, was able to promote or prevent war, to impose reconstruction on princes or impede revolution by proletarians, much as if the whole feudal system were a real representative democracy. Which medieval German precedent is as important evidence for our purpose as that of the modern financial procedure cited above. For it shows that two economic systems, as far apart as were federalism and feudalism, or as are capitalism and communism, can co-operate for the political progress and economic prosperity of Europe.

If the historic precedents give encouraging evidence that Europe can be reconstructed as an economic entity on the basis of existing capitalist and communist systems, the reports of economists also suggest that the prospects are encouraging.<sup>2</sup>

<sup>1</sup> 'The creation of the Feudal System was of the essence of the Western response to the Scandinavian challenge' (Toynbee, *op cit*, iii 196)

<sup>2</sup> For example: 'The problem of building an efficient international organization in which both "liberal" and "planned" national economies may be included, is a serious one. . . . Firstly the States which might otherwise be willing to form an international organization would quite possibly be unwilling to adopt a uniform pattern of economic structure. . . . And secondly, it is questionable whether such uniformity would be desirable even if it were possible. . . . The world has recently passed through a period of diverse economic experiments in different countries, but it is doubtful if any single system has yet been devised which presents the best possible solution. . . . Much may still be learned from the continuation of national economic experiments.' (Meade, *Economic Basis of a Durable Peace*, pp. 34-5; v. also Robbins, *World Order Papers*, No. 5, p. 34.)

And expert encouragement in matters of world economics is especially welcome. Not only because it is a science wherein most of us 'move with vague misgivings in worlds half realized', but also because economic reconstruction is an even more vital operation than political reconstitution. The substitution of a federal economy for the remains of an economic feudalism would of itself restore in time a healthy constitution to the Body Corporate of Europe. But so far gone will our patient—the European polity—be by the end of the war that such a substitution cannot be safely sought by a surgical operation; we cannot have recourse to more than a remedial manipulation. By this treatment, in time, a new economic organism of 'Europe' could be created out of the dead leavings of Utilitarianism and the 'damned legacies' of Totalitarianism. Such a super-State, if it is to live, will have to be born ready for battle, like Minerva from the head of Jove. Yet it cannot be produced from a professorial blueprint or a proletarian blood-bath; it can only produce itself from fresh blood-pressure in existing embryo organs.

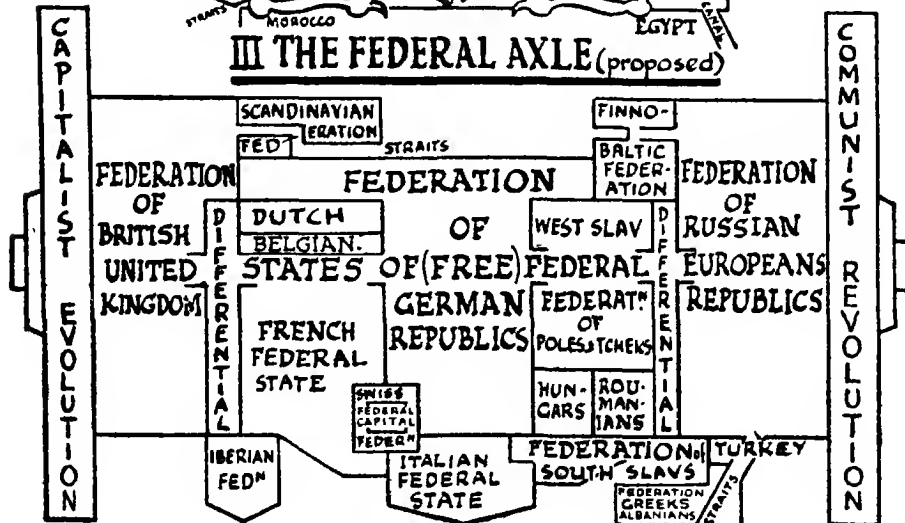
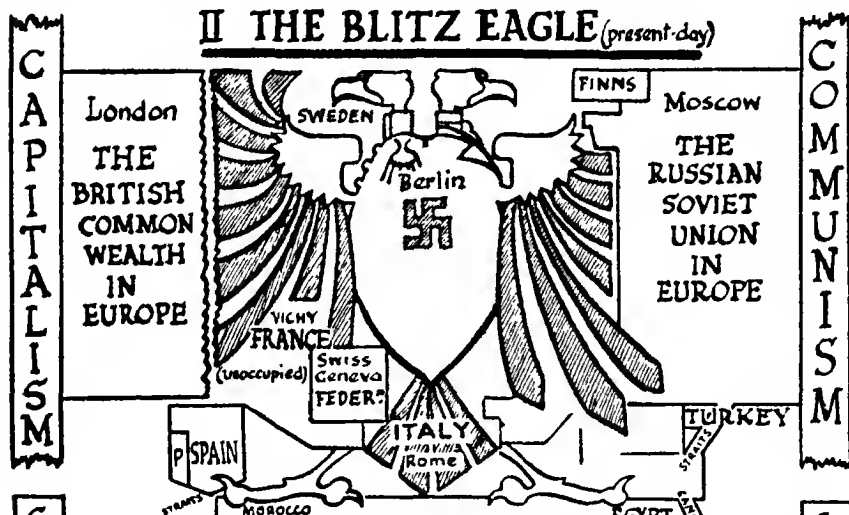
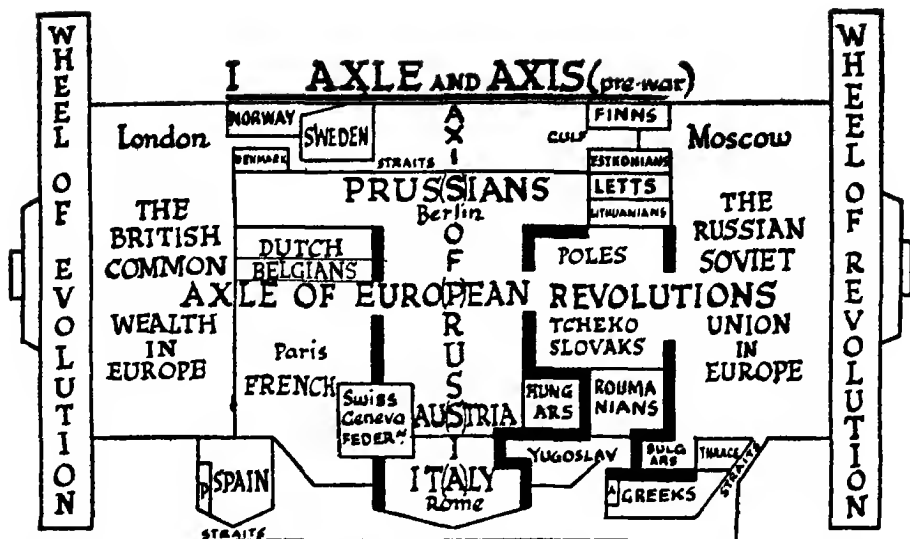
Perhaps the best way to show at a glance the economic balance and geographical basis of our European Union is to demonstrate it in a diagram. So, overleaf you see on either side, the balancing squares of British Capitalism and Russian Communism; the former backed by, and a bridge to, America; the latter linked with Asia. The Axle of Progress rotates like a stabilizing gyroscope at London, Berlin, and Moscow; until the Axis of Power from Berlin to Rome acts as spoke in the wheel. But its point of Italian Empire, at the bottom, has been broken off; and, when the Rod of Iron that is Hitler's New Order breaks progress will again function. Note the eastern wing of the 'Blood Eagle' has been clipped in Finland and the Baltic States by Russia; though we have been less successful so far in Norway. Hitlerism, Bolshevism, and Fascism are the ugly djinns that have been unbottled, and that Federalism will tame into useful Genii, if we keep within this outer circle; but who will make a 'Blood Eagle' of us, as the Saxons did to our British ancestors, if we go without it.

**I. AXLE AND AXIS.** Europe is represented as the axle of civilization between the wheels of progress. Precipitate progress is revolution; and when one wheel is boosted by revolution and the other is braked by reaction the torque so strains the axle that any flaws become fissures. In the eighteenth century this torque was applied by the Western Wheel in the American and French Revolutions that temporarily broke up the axle with World Wars. In this twentieth century it is being applied by the Eastern Wheel in the Asiatic and Russian Revolutions. The resulting fissures and friction frontiers are marked with heavy lines and after the last World War the worst was patched, as you see, by the League. The Berlin-Rome Axis represents an aggravation of the torque that again cracked and finally crashed the axle.

**II. THE BLITZ EAGLE.** The Soviet Union was receiving and reducing the pressure of Asiatic Revolution in the East while the United Kingdom was a non-conducting medium maintaining contact with American Reaction. The outbreak of a revolutionary reaction in Germany caused necessarily a rupture of total war between the British Commonwealth and the Continent (the jagged breach) and a rupture of armed wait-and-see between the Prussian and Russian New Orders (the clean break). Prussia overran Europe and Russia regained its racial frontier while the breaks in the axle were complete but for Spain in the West and Thrace in the East.

The Blitz Eagle alias 'New Order'—whose pinions appropriately bind the Princes of Europe in chains and whose claws clutch to close the Straits and Canal—is a lineal descendant of the 'Blood Eagle', into which Romanized Britons were spatch-cocked by Saxon raiders, and of the Two-headed Eagle on the scutcheon of the 'Holy Roman Empire of German nation'. It was later tamed into the double-headed Sucking Dove that you can see complete with double haloes on the schilling of the Catholic-Socialist Austrian Republic. Here it is represented as the Condominium of the Prussian officer and official whose brains and backbone have made National-Socialism possible. Had the Eagle been able to take British and Russians under its wings it would have overshadowed the World. But they have cut its wings—it cannot fly.

**III. THE FEDERAL AXLE.** The old ox-cart axle is replaced by a modern axle furnished with 'differentials', in the Federations of the United Kingdom and Union of Soviets, that will allow either wheel to revolve or reverse without danger. It has an I.C. engine of its own, self-fuelling and self-regulating, instead of yoking a jibbing capitalist mule to a jumpy communist camel. It is composed of Federations which weld all the social friction frontiers; while the national fronts are interwound with Federal contacts and controls that make not merely a 'New Order' but a new organ.



## CAPITALISM AND COMMUNISM

So much for the birth and growth of the new economy as an organism; now, to consider its bearings and functions as an organization. Firstly, it must be confined to the exigencies of the political Union as planned. Secondly, it must correspond to that Union in extent and include all the peoples of the European Continent. Thirdly, it must be conformable to all the stages of these States in respect of economic evolution. Fourthly, it must base itself on foundations and build itself up behind façades already existing; even though our Progressives may criticize Capitalist foundations as unsound and our Conservatives condemn Communist façades as insane. Moreover, in our new housing scheme for Europe the architects will have to devote more attention to the domestic offices and less to the State Apartments. It is easy enough to plan a parlour or a parliament where Capitalists and Communists can discuss how to roast coffee for our enjoyment rather than burn it in railway engines, and whether to pave the streets of the New Jerusalem with shining gold or bury the gold again in Old Kentucky. But as it is a troublesome and technical job to plan the kitchen, scullery, coal-hole, and offices, our amateur architects of the Federal Union generally let it alone. Yet the new economy must not only be planned, but planned for very various usages. The various users, the autonomous Member-States of the Union, must be allowed reasonable latitude. In the new Housing Estate of the European Union, Capitalist States must be allowed to keep all the windows permanently pasted up, to convert the parlour into an unused shrine of the properties, and destroy their digestions with tinned food and patent medicines. While the Communist States will want to convert their parlour into a Lenin Corner, keep pigs in the coal-hole, coals in the bath, and feed in a communal kitchen. In time, the Progressive yeast will leaven the Conservative lump. In time, the wild Communist camel, yoked to the tame Capitalist ox, will fraternally and fruitfully plough their utilitarian furrow until replaced by a not too totalitarian tractor. Nor should we be wise in our generation

if we remained 'Old Believers' like my acquaintance, the aged Ukrainian owner of the ox, who had borrowed the camel from the Communist collectivity. 'Tphoo', said he, spitting in the direction of the Government tractor that was tearing up an eight-furrowed strip all across country in eight-hour shifts all round the clock, 'that is the devil's machine. There will be no blessing on that harvest.'

#### FEDERATE OR FIGHT

But, you may object: First you want us to get out a plan like the Germans' and now you want us to go into partnership with the Russians. Nobody wants either, say I. But we have already had to copy the German plan in patches or lose the war; and we may have to copy it as a whole to win it. As to the Russians; if we go on as we are, we shall have a war with them which we may not win. For when the gangsters are defeated, Germany will be a vacuum into which British Capitalism will rush from the West and Russian Communism from the East and will meet with a clash in the middle. Now, the half of Germany east of the Elbe consists of more or less Teutonized Slavs, and about half all the German industrial workers are more or less Sovietized totalitarians. Suppose we offer these totalitarian Teutonized Slavs, who pride themselves on their predominance as Prussians, a disarmed subordination in a social dis-Order from which they have just emancipated themselves; and that too, under a reactionary régime which symbolizes a servitude to alien authority from which they have just escaped. On the other hand, suppose their fellow Slavs offer them equal partnership as self-governing States in the Soviet economic system. Why, our diplomacy would have then landed us in fighting the Russians, without any German support, as it has now landed us in fighting the Germans without any Russian support. At best, we should divide Germany between the two armed camps of Capitalism and Communism and all Europe east of the Elbe would go Communist. Because the East European States, Bulgaria, Yugo-Slavia, Czecho-Slovakia, Poland, and Ruthenia, are not only Slav but mostly



socialistic. Of the two exceptions, one, Hungary, is still feudal, with a peasantry and proletariat ripe for revolt. The other, Rumania, is much the same; its polity has been shattered by the German occupation and its population is either Wallachian or Moldavian. There are now, since the last extensions of the Soviet frontier, many Wallachians in the Soviet Union; and, since the addition of Bessarabia to the little Soviet Republic of Moldavia, there are probably more Moldavians in the Soviet Union than in Rumania.<sup>1</sup> So that, whereas the extension of British capitalism eastward over these people would have little nationalist or socialist appeal, the expansion of Russian communism over them westward would be only opposed by what was left of the capitalist ruling class. Therefore, when the collapse of the Nazi Government left a chaotic vacuum in the central zone and a violent collision there between the propertied and proletariat classes, the British and Russian fronts would come into catastrophic collision in support of their respective co-religionists. The watch-dogs of Western Europe, supported by America, would then fight a Crusade for Civilization and Christianity against Eastern Europe, supported by Asia, and fighting a Holy War for the Under-Dog. And what would be left of Europe after that dog-fight wouldn't be much worth worrying about.

<sup>1</sup> I was the only foreigner present at the ceremonies of constituting the Moldavian Soviet Republic in 1922, which included a mass meeting addressed by Soviet Delegates in all the languages of the Union. After one in a peculiarly barbarous lingo, the president thus addressed me: 'The last speech in English, a language unhappily not yet included in our Union though we all hope it will be, was in compliment to our English visitor who will now answer its criticism of British Imperialism.' Experience in impromptu speaking during the German and Russian revolutions had made me equal to such emergencies, so I replied: 'It will be more interesting for the audience if a summary of the eloquent speech in English be first given them in Russian.' After which I pointed out the strong resemblance between the structure of the Soviet Union and the British Commonwealth in respect of self-government for dependent democracies. A debate developed in which sympathy and support from divers delegates gave an early evidence as to the possibility of a parliament including representatives of the two creeds.

## RESPONSIBILITY OF OUR RULING CLASS

Between England, Europe, and this catastrophe there now stands nothing but the professional intelligence and political instinct of our ruling class. Their hands are now freed from the hard-headed French and the heavy-handed Germans who have hitherto hampered the economic reconstruction of Europe. If we win the war our Foreign Office will have as complete authority for the empire of Europe as our Air Force has over its empyrean; a thought that will give some French and Germans furiously to think, while we ourselves may find in it food for serious thought. If, however, our ruling class can free their heads from class sentiment and bring together British Capitalism and Russian Communism in an economic treaty and a political truce, a European economy might partly be elaborated and partly evolve itself such as would secure unity without uniformity. If anybody could do this, it should be we. No Society was ever more united or less uniform than that of our country and our Commonwealth. Our urban economics are, in most respects, socialist, our rural economics are, in many regions, still feudal.<sup>1</sup> Our Constitution is a corpus of procedures and precedents and our economic system a chaos of expedients and experiments. We alone can understand why the character of the social system developed in each State of the Federal Union must be allowed to vary all the way from Capitalism based on money-power to Communism based on man-power. Why the British Commonwealth is as solidly united in allegiance to the Crown as is the American Union in acceptance of the Constitution; and why therefore the European Union would find sufficient unity in a Declaration of Ethics and a Directorate of Economics. Finally, why Member-States of the Union must have full rights of self-government in all social matters; not only to secure acceptance of the Union by the existing ruling classes and vested interests, whether Capitalist or Communist, but also to ensure that a

<sup>1</sup> I have spoken, as a parliamentary candidate, at a crossroads in East Anglia to an unseen audience of labourers hiding behind the hedges because the noble landowner was listening from his car.

balance of power between all factors and forces should, with the help of a Liberal heaven, eventually give us our daily bread in peace.

If all our British elements, metropolitan and overseas, urban and rural, feudal and communal, monetary and mercantile, propertied and proletarian, could combine in planning reconstruction they would represent the equivalent elements in Europe well enough to ensure a result that would receive general acceptance. If we can thereafter get the assent of the United States and of the Union of Soviets to the reconstruction in principle, its realization would be only a question of procedure. Somehow, somewhen, somewhere, there would then have to be a Constituent Congress to frame the European Constitution.

#### FEDERALISM AND FREEDOM

Meantime, it can do no harm if we plan the scheme and plot the scope for a new integration of European economics. And those attempting this will find at once that a cut and dried control of economic evolution by a central constitution would be fatal not only to the growth but to the birth of the new organism. The financial, and to some extent the fiscal, system, will no doubt have to be centrally controlled; but the character and conduct of the social system must remain the concern of the States composing the Union. The development of each State's social system must be allowed to vary by vote of the State legislature all the way from profiteering capitalism to proletarian communism. This economic freedom must, however, conform politically to the Declaration of Rights which will be the Decalogue of the Union ethic;<sup>1</sup> and it must be co-ordinated practically by Union control of currency communications, commerce, &c., which, in turn, will be the dogma of the Union economy.<sup>2</sup>

<sup>1</sup> The liberal interpretation of the Declaration of Rights postulated in respect of any State's political proceedings would be even more indispensable in respect of its economic processes

<sup>2</sup> The following formula of the British Labour Party is applicable to a European Union: 'All nations great or small of whatever colour or creed to have the right to live and develop their own characteristic civilization provided they do not thereby infringe the rights of others.' (*Labour's Peace Aims*, p. 12.)

Having formulated this main principle, we have to find a procedure which would emancipate Member-States in respect of their economic status and standard of living; while ensuring that a capitalist or a collectivist State—to take conservative and progressive extremes—will not unduly delay or derange the constitutional development of the European economy and entity.<sup>1</sup> Such a procedure might be the empowering any State to exclude or expel any product or person it considered deleterious or dangerous to its social system, economic stability, or standard of living; while empowering the Union to impose against it, if necessary, corresponding exclusions and embargoes until a working agreement was arrived at.<sup>2</sup> Thus, in an extreme case, a State might cut itself off from all cultural or commercial contacts, while remaining politically a constituent of the Union. If, however, a whole Federation of States, say, a British or a Balkan Federation, insisted on pressing capitalist or communist development in defiance of the general direction of the Union, Union policy would have to be deflected in deference to a minority too large or too lively to be disregarded. Such compromises are after all both the strength and the weakness of democratic government. Indeed the best constitutional protection against secession and civil war would be the absence of any constitutional prohibition of it as then there would be no *casus belli*. But for a cast-iron constitution, there would have been no American Civil War over slavery—an issue as to reconstruction of an economic vested interest which had a simple economic solution but became, at first, a moral crusade and then a civil war. Or

<sup>1</sup> The range in the European standard of living is considerable. Thus, real wages in England are one-quarter more than in the German Ruhr; one-half as much more as in France or Saxony, and as much again as in Poland. In America they are higher, and, in Asia, lower (Herriot, *United States in Europe*, p. 92.)

<sup>2</sup> This provision would, as a side line, deal with difficulties as to free migration within the Union. As Professor Robbins points out (*Fed Un.*, p. 172), 'this objection to Federal Union is, in point of fact and the probabilities of the future, much overrated. Especially so in view of the ease with which mass migration or regulated residence has been imposed under the New Order' Professor Robbins would make direct regulation of residence and removal a federal function. I think this might instigate secession and civil war and should prefer leaving the matter to prolonged moral and material pressure, as above suggested.

again, without a constitutional *casus belli* calling in question both legality and loyalty there would have been no English Civil War and no American War of Independence over taxation; the latter a fiscal affair that was made a matter of national prestige and royal prerogative. In a European Federation, however, the combination of European democracy and of English diplomacy as outlined above, should remove all serious risk of secession or even sedition. Federalism cannot be worked without democratic principles and diplomatic procedures—nor can it be wrecked with them.<sup>1</sup>

#### SELF-GOVERNMENT AND SECESSION

Here, for example, is how it might work. Bulgaria goes Communist and secedes from a Socialist Balkan Federation. Well, it would then accede to the Federation of European Communist States incorporated in the Union but still included in the Soviet system. Conversely, Ulster secedes because the British Federation is too Social-Democratic. Well, Ulster remains in the British Commonwealth but outside the European Union until economic exigencies caused by exclusions from all exchanges and other Union facilities restores Ulster's social democracy. Supposing, however, the British Federation, after a *coup d'état*, seceded from the European Union and adhered to the American economic system. That would not be so well; for the whole balance and basis of the Union would be imperilled. So would be that of our Commonwealth. Since we should have resigned the Managing Directorship of capitalist Europe to become the European Branch Manager of American capitalism. And the results of such an abdication would be likely to be as disruptive in our Empire and in Europe as were those of the abdication of French democracy

<sup>1</sup> The answer to the objection (v. J. A. Spender, W.O. Papers, p. 21), that adhesion to a European Union would break the links that bind the Commonwealth; and that since we could not federate the Empire we certainly cannot federate Europe—is that we *can* federate Europe ethically and economically, within the same limits and on the same lines, as we have 'federated' the Empire. We have had the sure democratic support of the Dominions in two World Wars and their diplomatic support in one World League which is as much as we require, in principle, for a European Union.

at Bordeaux; seeing that the European Union would then fall under Russian authority and the British Commonwealth under an American aegis. But, on the whole, it would seem that the proposed procedure would prevent such perils. It would also prevent the States from losing democratic drive and direction and lapsing into a parochial log-rolling and *laissez-faire*. For it would allow them the largest possible sort of responsibilities in regions of the smallest possible size.

#### ECONOMIC CAUSES OF WAR

The democratic Member-States will certainly require such revitalization if they are to deal by federalism, or any other means, with the economic evils of Europe. These appear in two distinct types of economic disorder and social disturbance. The first is endemic and essentially economic; such as over-production by the wealthy in want of profit, and under-consumption by the workers from want of purchasing power. This type of disease tends to recur in trade cycles of boom and slump and is the cause of internal class war. The other type is due to uneconomic political expedients for dealing with the symptoms, not the sources, of economic disorder. This second type is highly contagious, tends to become periodically epidemic, and is a contributory cause of international war. Such are attempts to protect prices—either by customs duties that cause a cut-throat competition against which other tariff walls have to be raised, or by cartels that create an exploitable monopoly against the economic interest of the community. With these most inexpedient expedients are often classed, quite wrongly, experiments like State trading by barter, quotas, subsidies, embargoes, exchange clearances, currency devaluation, and other interventions in the freedom of trade.<sup>1</sup> These, like tariffs and preferential rates, may be contributory causes of economic war; but, unlike tariffs, can

<sup>1</sup> 'While quotas and qualitative restrictions would be generally recognized as instruments of national planning, the tariff and independent exchange control seem to fall in another class . . . though the apologia for them are of the order of those made for a planned policy in general.' (Robbins, W.O. Papers, No. 5, p. 37.)

also be courses contributory to economic peace by establishing first a national and finally an international control of European economics.

Now the causes of this war are fundamentally economic.<sup>1</sup> They are, moreover, the consequences either of exploiting economic pressure against other communities or of economic pressures automatically expressing themselves in class wars. Examples of the first of such causes range all the way from self-protection, regardless of economic injury to others, to embargoes, boycotts, blockades, and, finally, the German bombing of Europe into a unified economic 'Lebensraum'. Such are what we might call Martial economics. But the second category is the more calamitous—that of what we might call Marxian economics, in which economic evils correct themselves by class wars. The recent collapse of our potential political allies from Denmark to France show how such social class war is even more fundamental than war for a national cause; and how the national fronts on which democratic nationalists are fighting for political Liberty, Equality, and Fraternity are cut across and undercut by class fronts on which democratic socialists had already long been fighting for economic liberties, equalities, and fraternities.

#### ETHICS AND ECONOMICS

Economics cannot be divorced from ethics, either in principle or procedure. Because Communism made this mistake, it has had to be converted into an economics of State Capitalism based on an ethic of Civism. Because Capitalism made this mistake, it will now have to be reconstructed very similarly. Consequently, in providing procedures for a combined Capitalist-Communist Europe, processes for ethical and equitable reforms cannot be disregarded, however radical. And there is no doubt that, throughout Europe, mankind is in revolt

<sup>1</sup> Beyond doubt one of the fundamental causes of this war has been the unrelaxing efforts of Germany since 1918 to secure wide enough foreign markets to straighten her finances at the very time when all her competitors were forced by their own war debts to adopt exactly the same course. Continuous friction was inevitable. (*The Times*, 11 October 1940.)

against its bondage to money power, and especially to the dead hand laid by money debt on living human beings. One finds, even in England—and that means much—a growing realization of, and revolt against, the exploitation of public credit for private profit. It is, as yet, rather against the injuries it produces than against its injustices in principle; but it has shaken the belief in the benefits of bonds and the beneficence of banks, in the obligation to pay off, or even to pay on, the war debts of the past, and in the bounds within which money can be used for the mulcting and murder of mankind.<sup>1</sup>

The making of war by money-power has brought us, as citizens, to doubt whether it is in our interest to invest our savings in money-power, and whether it is in our interest, as a community, to let private money-power control thereby the conduct of public affairs to the prejudice of peace and progress. Whether it is even worth while saving, when thereby we sacrifice not only our savings, but our safety. Whether such power as capital and credit confer, should not be publicly owned and operated. And, if you ask how, without private saving and private investment in public enterprises there can be any modern production or progress, one answer is that, when we want to promote production or progress at high pressure—as in war-time—we do prevent all private investment other than in State securities and make the whole manipulation of money, like its manufacture, a Government monopoly. Wherefore, if this practice is to the public advantage for the making of war the result of which, economically, is waste, why is it not so for the maintenance of peace the

<sup>1</sup> Conclusions reached by a Conference presided over by the Archbishop of York at Malvern, January 1941:

(a) The predominance of the profit motive in industry offends against Christian principles;

(b) It becomes a source of unemployment, and has been a predisposing cause of war;

(c) The monetary system should be so administered that what the community can produce is made available to the community;

(d) The rights of labour must be recognized as in principle equal to those of capital in the control of industry; and

(e) In international trade, a genuine interchange of mutually needed commodities must take the place of a struggle for a so-called favourable balance.



reward of which is, economically, wealth?<sup>1</sup> The answer is that it would be even more advantageous in peace; but that in war, as in revolution, the veto of vested interests is officially overriden and the vices of capitalist economy are more obviously underlined; whereas in peace any challenge to that veto is dismissed as visionary raving and any charge against those vices is denounced as revolutionary violence. Nor would any one in authority admit, even while approving conscription of gold and dollars, that private property in 'money' is as indefensible in principle as it is undesirable in practice; even though it is obvious that money, whether it is pieces of metal or scraps of paper, only exists as a token of the citizen's confidence in a social system which secures to him the equivalent of the sum symbolized expressed in commodities or comfort.<sup>2</sup> Without such confidence there would neither be any 'savings'—as is shown when a failure of confidence in the currency expresses

<sup>1</sup> Mr. Davenport, 'Toreador' and not a 'Socialist', published (*New Statesman*, 26 Oct. 1940) proposals as follows: The State would become the sole capitalist, and would own the land, the buildings, the plant and equipment, the cash and securities, in fact, the whole stock of fixed and working capital now in private hands. It would immediately take over what it could usefully and practicably exploit and compensate the dispossessed private holders by way of Government bonds. Homes and gardens would be left to the owners, who would pay a rent to the State in place of Schedule A Tax. Farms which were efficiently managed would be left to the farmers on a tenancy of the State. State farms would be established only in the backward or difficult areas. Cash and securities would be left on lease in private hands subject always to capital levies; the owners paying an interest charge to the State banks—a tax on hoarding, which could be used against under-investment. The private leaseholder would be free to invest and to reinvest, but his securities or investments would be confined to two classes of enterprise, the State-operated and the privately operated on State lease, both dealt in by a reformed Stock Exchange. The first class would be divided into fixed interest and equity, the equity dividends varying within, say, 4% to 8%; and would be issued in exchange for the stocks and shares of the companies acquired by the State. The maximum capital held on State lease in cash, securities, land, or fixed assets should be £100,000. The State takes over public services and utilities, but outside public services and utilities there would be a vast field of business activity which private enterprise would operate on State lease—for an annual royalty or rent. With private enterprise alive and adventurous (though controlled) production could expand.

<sup>2</sup> 'Banks lend by creating credit,' says the *Encyclopædia Britannica*. 'They create the means of payment out of nothing. It is a mistake to suppose that bank credit is created to any important extent by the payment of money into banks.' As early as 1694, William Paterson, first Governor of the Bank of England, admitted that 'the Bank hath benefit of whatever credit it issues out of nothing'.

itself in a falling-off in saving; nor would there be any investment—as is shown when a failure of confidence in their security at once expresses itself in a fall of ‘securities’. Capital is an accumulation of money securities representing past profit, and credit is an anticipation of secure money from future profits—the money being the public currency and the security the public security. So when capital and credit are used as private property for private profit without regard to the prosperity and progress of the Community, it is as much robbery of the Community as stealing the Crown jewels from the Tower or the Common from the Goose.<sup>1</sup>

The moral obligation of paying one’s money debts which is observed with such splendid self-respect and self-sacrifice mainly by those who are not ‘monied’, is just about as ‘moral’ as the obligation to prosecute a family feud or to perjure oneself in a divorce case. Usury, or if you prefer, the private leasing of property in money, used to be a sin and a crime. The money-power of Mammon was condemned as a crime for centuries by Christian preachers; and it is still a sin for a Jew to charge another Jew interest. It was only about two centuries ago that the Industrial Revolution established its new social system on a Divine Right of Property in money.<sup>2</sup> Although the only active protest of Christ that has been recorded is the expulsion from the Temple of the money-changers and those who sold ‘pigeons’, Mammon seems to have had no difficulty subsequently in substituting ‘trespasses’ for ‘debts’ in the Lord’s Prayer.<sup>3</sup>

<sup>1</sup> ‘The Law condemns the man or woman who steals a Goose from off a Common. But still for those it finds excuse who steal the Common from the Goose.’

<sup>2</sup> ‘Mede of misdoers makyth many Lordes, and Over-lordes Law ruleth the Erthe.’ (*Piers Plowman*.)

<sup>3</sup> St. Matthew, a simple man—whose ‘logia’ embodied in the First Gospel are the only contemporary record of Christ’s words—has ‘Forgive us our debts as we forgive our debtors’. St. Luke, a physician and a man of means, writing for Greeks and Gentiles, has ‘Forgive us our sins as we forgive those indebted to us’. We owe ‘trespasses’ to Tyndale (1526). The first Prayer Book of Edward VI (1549) followed St. Matthew; but every subsequent Prayer Book has reverted to Tyndale.

## WAR DEBT LIABILITY

The 'dead hand' of last war's debt still lies heavy on our internal recovery and national credit; but this sin of our fathers has been visited upon us lightly compared to the curse that we are now accumulating for our children. For, in the first year of this war, *Great Britain and Germany each accumulated about the same amount of debt as they did in the four years of the last war*. Even, if we accept the lowest estimate as to the length of this war and allow the most liberal discount both for the ingenuities of our German enemies in raising and repudiating their War debt and for the generousities of our American friends in restricting and remitting ours, we dare scarcely ask ourselves what will be the effect of imposing a burden of such magnitude on the top-heavy, tottering structure of our capitalist economy? What must be the consequences of this burden on our *laissez-faire* social system and liberal social philosophy?<sup>1</sup> It is not only that to bear such a burden of debt we should have to bend our backs to the ground, and shuffle along for the rest of our lives shoulder to shoulder, gasping and groaning, like the devotees who thus do honour to the wooden effigies of their idols. It is that our whole national economy of *laissez-faire* and liberalism, and our whole national ethic of individualism and idealism, will have to be remodelled into a mechanism of organized production and consumption, of controlled commerce and communication, of restricted demand and rationed supply—such as no Communist in his wildest dreams or no Conservative in his worst nightmare could have conceived possible in Merry

<sup>1</sup> The answer that will be given to this question by the school of 'pure' economics, that is, economics unadulterated with ethics, is that it would not matter. I quote from *New Statesman*, Vol. XXI, no. 521, p. 150: 'Whether the war is paid for out of taxation or borrowing makes no difference. The future generation will be no better or worse off however the financial allocation is made.' This simply doesn't make sense; but the next sentence shows it to be one of those high-brow half-truths. For it continues: 'There will be a different distribution of money income inside the community, though its real position will be unaffected.' All that the exasperated non-expert can say to this is that the 'different distribution of money income', i.e. the material and mental starvation of nine hundred and ninety-nine producers to establish one profiteer in personal power will not leave the 'real position of the community unaffected', for it will result in a very real revolution.

England. For, only on such a totalitarian basis could our capitalist system extort the interest and sinking fund on the capital it had expended.

As, however, it will be in no one's interest to risk a social revolution by compliance with an impossible pecuniary obligation to the monied class, we shall no doubt, repudiate our monetary liabilities in some decorous and indirect manner. Thereby we should benefit materially as did the Germans, and to a less extent the French, after the last war. On the other hand, if we repudiate our moral liabilities and put down these insurance premiums—our minimum subscriptions to social welfare, and our modicum of security for the worker—we should have a social revolution, as did the Germans. We are the least revolutionary race in Europe; but we should revolt if all relief and remedy for the evils of capitalist economy were abandoned and if realization of this was aggravated by resentment against a propertied class who had profited, and would go on profiting, by the sufferings and sacrifices of their countrymen.

#### WAR DEBT LIQUIDATION

If, however, we can get a federal reconstruction instead of a financial revolution, then we are not impaled on horns of a dilemma between moral and money claims; nor need the morality of debts come into question. For a Federation, with its co-ordination of the European banking system under democratic control, would permit an equitable and economical solution of this debt problem. Now, the indebtedness is both international and internal. It consists both of 'War' Debts owed by one Government to another for loans and credits, and of 'War Debt', owed by a Government to individual native or foreign buyers of its War Loan. Supposing this war ends, as did the last one, with creditor and debtor both belligerents. The best solution would then be an agreement to treat inter-governmental 'War Debts' as subsidies for war services and, as such, liquidated; and thereafter to apply this same policy to the old 'War Debts' of the last war. We can now be reasonably confident of American co-operation in

effecting an enlightened and equitable solution of the Anglo-American debt problem. For the 'loan' by the American Government of munitions and armaments themselves, instead of their purchase money, is not merely an ingenious innovation to meet a peril without changing policy. It is the elimination of the unethical element of profit from a joint enterprise for an ethical purpose. The Americans have, by so saving our independence, institutions, and ideals, earned our heartfelt gratitude; as we, by giving them time to prepare, have earned their hearty congratulations.<sup>1</sup>

As to our internal war debt for this war; if we do not ourselves do something about that, we shall find ourselves not only fighting as well as financing the war for all other democracies, but also paying for the privilege of so doing for the rest of our lives. Whereas this war debt is only part of the moral obligation owing to us by Europe for defending its liberties and laws; and it therefore should be a European liability as being the flotation costs of the new Europe. This could be effected by pooling all the national debt of the Member-States or Federations including Germany and Italy as the new federal debt of the Union. The value of any lootings of gold reserves, liquidations of properties, or levies for armies of occupation, &c., would be deducted from the debt which the offending State (e.g. Germany or Italy) would be allowed to pool. Then, all the pooled public debt held by banks and other enterprises or institutions of public utility that had become self-governing, self-supporting governmental corporations, together with all their other capital and reserves, would be replaced by the market equivalent in Union Bonds without interest and with a high sinking fund; the solvency and services of the institutions being secured by the Union

<sup>1</sup> The President's speech, 15 March 1941: 'These brave people—civilians as well as soldiers, sailors, and airmen, women and girls as well as men and boys—they are fighting in the front line of civilization at this moment. And they are holding that line with a fortitude that is the pride and inspiration of all free men on every continent and every island of the sea. The British people and their Grecian allies need assistance, and that they will get. They need ships: from America they will get ships. They need 'planes: from America they will get 'planes. Yes, from America they need food: from America they will get food.'

fisc. This would liquidate the greater part of the debt. The remainder, held outside Europe or in Europe by private individuals and enterprises for profit, would also be replaced by Union Bonds on the same terms as the original loan. The Union Bonds would be secured by a European capital levy of quite small percentage. Whereby we Christians could make use of our Slough of Despond to relieve us of our self-imposed load of usury and its usurpations.

#### DEALING WITH DEPRESSIONS

Having thus disposed of one major evil in our economy—that of debts, let us see how by Federation we can deal with another—that of depressions. Supposing a Member-State suffers from a local or special depression which, if neglected, will become general. In this case the Union authorities would either produce a local and limited inflation by providing loans to the State Bank concerned so as to restore its reserves, or would issue new Union notes to be put in circulation on the State Stock Exchange; and of course this process of pump-priming will be appropriate in reverse for boom-busting. If the State Bank and Big Business were under proper central control, the 'pump-priming' would restore a healthy circulation to the economic body through the State Bank and its affiliated commercial, industrial, and agricultural banks. If they were not so controlled, this blood transfusion of new currency would probably be bottled up in bank reserves until the depression had cured itself and the new money-power could be more profitably invested; a proceeding which wilfully wasted much of the pump-priming of the 'New Deal' in America. But in the federal economy as planned this could only happen under very exceptional conditions in some rather eccentric community. In such a case the Union Bank would give credit to the State Government for specific public works, subject to the advice of the Union and State Planning Councils and to administration by the State Ministry and Municipalities.

These enterprises of co-operative 'boom-busting' and 'slump-sluicing' could also be extended to other continents

by intermediary of the League. The only difference would be that whereas, within Europe, it would mean a progressive creation of a healthier body politic, as between Europe and, say, America, it would only be a productive co-ition of two bodies politic without any guarantee of health. All the same, just as in the case of a slump-sluicing within the Union we should have an effective exercise of the ineffective pump-priming of the American 'New Deal', so in this case of co-operation between the European and other continental Unions we should have a more effective exercise of expedients like the present Anglo-American Exchange Equalization Fund. And one, moreover, without the present risks encountered by that Fund in respect of competitive depreciation or speculative exploitations. In view of such risks and of the federal right of exchange regulation, such equalization funds between Member-States would be prohibited. But otherwise, subject to the Union Constitution, the formally sovereign but actually subordinate European Nations and National Federations would be allowed to conclude exchange agreements and economic arrangements with non-Member States.

#### CAUSES OF ECONOMIC DISORDERS

The two forces with which we have to operate in creating a European Union being Nationalism and Socialism, we find that, in the economic field, Socialism is predominant. Either force can be employed to protect a community against economic evils—Nationalism using conservative and Socialism using progressive remedies. Progressive remedies are generally imitations of alien initiatives; conservative remedies are generally isolations against them. But a country cannot be immunized against infection from a neighbouring economic disorder, such as a depression, by mere isolation; it will have to fortify itself with an 'Economic Nationalism' and dope itself with some patent drug like the German 'National Socialism'. And whereas 'Economic Nationalism' is rightly obstructed by progressive Social Democrats, 'National Socialism' is not objectionable to conservative semi-dictators. It is indeed to

conservative experiments in economic National-Socialism that we owe such Socialist restrictions on trade as those cited above. Thereby we get the paradox that is paralysing progress: that the principles of Democracy, for which we are fighting, have in practice produced the Hawley-Smoot tariffs, the Ottawa preferences and other old-fashioned obstacles which are wholly objectionable; while the Dictatorships, with which we are at war, are associated with new obstructions such as quotas, &c., which are at least objective. The fact is that the old obstacles to the flow of trade are as obsolete as the fishing weirs of the Thames which enabled riparian families like mine to take toll of the traffic without giving any service in return,<sup>1</sup> whereas the new obstructions are mill dams which, re-constructed and co-ordinated as a public utility, will provide power for the economic dynamos of the New Europe.

#### DIAGNOSIS OF ECONOMIC DISORDERS

Another reason why democracy has hitherto failed in dealing with economic disorder is that its nature has been wrongly diagnosed. The Marxist doctrines of the Class War and of the Collapse of Capitalism are as much to blame for this misapprehension as are the classical *laissez-faire* doctrines of the Free Market and Free Contract. No less misleading has been the axiom of classical economics that commodities would always have a scarcity value. None of these assumptions correspond to actual conditions. Mass production and industrial mechanization, combined with declining population and the industrialization of rural peoples, have made a world economy of partial and potential abundance. Production now expands in ready response to the requirements of consumption. The 'pump-priming' programmes in Europe and America have not produced the expected inflation because production kept pace with consumption. Moreover, profit is now reduced, for the most part, to a commission on results,

<sup>1</sup> Eventually we supplied draft-horses for towing up the rapids made by the removal of the weirs—a service we still render, by man-power as Government officials for a very reasonable remuneration.



and is closely restricted by the narrow margin between cost and price. Cases of high profits are mostly due to factitious monopoly or financial manipulation. Private profit is now detrimental to production only in so far as it reduces consumption by raising prices, restricts development by rejecting re-equipment, or reacts unfavourably on Labour. So long as there was competition for commodities or capital, the economic liberty of labour was protected in principle; though, in practice, money-power could always exploit man-power. But, as competition can only exist in an economy of scarcity and that economy now only exists exceptionally, there is no longer any real free market or free contract. Such equity as exists, as apart from any personal relationship between employer and employed, is secured by collective bargaining between their organizations. And, as automatic regulation by free contract in the free market has not been replaced by any authoritative regulation acting in the public interest, as distinct from private interests, there have appeared in the relationship between production and consumption violent cycles of boom and slump and vicious circles of depression, unemployment, under-consumption, and over-production. Nor is it realized that an unholy alliance between a too disinterested science and too unsocial self-interests has resulted in an economic revolution that has deprived classical economics of all value; even as the Industrial Revolution deprived medieval economics of all validity.

#### CURE OF ECONOMIC DISORDERS

This brings us to a conclusion of considerable consequence. We have seen that the financial system of capitalist economy has become so artificial that it can easily be amended administratively and administered authoritatively for the prosecution of war, as we are now doing, or for the preservation of peace, as we hope to do. But we can now also see that the whole economic system of capitalist economy has become so anomalous that it can only be brought into real relationship with the facts by an analogous application of administrative authority. In other words, we can now see that a substitution of repre-

sentative, responsible and regulated governmental Corporations for Boards of Big Business Bosses that are irresponsible, unrepresentative, and recalcitrant, is essential if the new economy of abundance is to be dependably conducted and democratically controlled either in the States or in the Union. Nor would it matter much whether Democracy were exercised by a residential franchise through parliamentary party representatives in contact, unofficially, with organizations of Capital and Labour; or by a multiple franchise (residential, occupational, and co-operative) through a co-ordination of local Councils and self-governing, self-supporting Corporations. The principal difficulty is, really, to convert capitalist business and bourgeois commercialism from the inculcated conviction that the ideas and institutions of classical economics constitute a Law and Order that guarantee 'the greatest good of the greatest number'; and to divert, finally, communist public opinion from the creed of the Comintern and from crusades for the Class War.

#### EPILOGUE

In this task, time and tide are working for us. For the last half-century the pendulum of progress has been swinging us back from the individualist excesses of the Industrial Revolution to an organized economy and to an ordered social system. The tide of Socialization has been flooding up unnoticed through creeks and channels, far behind the beach where the waves of Socialism are breaking round the thrones of Canutes and over the wrecks of misguided Ships of State. Army, Navy and Police, Posts, Telegraphs and Wireless, Rails, Roads and Rivers, Light and Power, Water and Milk, all once private preserves, are now public services. The same process is slowly but surely restricting both private property and profit to their proper function. If we could have kept clear of total war and intolerable waste, we might have left the economic reconstruction of England and Europe to Time and Tide. But, as it is, we have brought on a revolution that can only be converted to reconstruction by conscious and creative authority and activity. That revolution, as represented by the German conquest

of Europe, has effectively cleared the ground; and, as represented by our own War Socialism, has laid useful foundations. For the third, and probably the last, time of asking, the fate and future of Europe lies in our hands. Twice already we have lost the lead; first at Versailles and then at Geneva. Now we have it again. Though the cards have gone against us, we can still turn the odd trick. But let us remember how nearly we have lost the game and that the last Siren will be the Last Trump.

## CHAPTER IV

### RECONSTRUCTIVE ECONOMIC FEDERATION

‘The ages of isolation had their use for they trained men for ages when they were not to be isolated.’ (Bagehot, *Physics and Politics*.)

#### A STRATEGY FOR RECONSTRUCTION

THE previous chapter, on the remedial possibilities of Economic Federation, concluded that the obvious difficulties confronting federation were more than compensated by developments in its favour that had been overlooked. This encouraging conclusion is the best starting-point for this chapter. Because the most serious difficulty in establishing Economic Federation is how to impose an economic reconstruction on vested interests, devitalized institutions, vicious ideologies and ill-informed voters without first having the ground swept and the air cleared by a social revolution. Whereas, as we have seen, Providence is getting this preliminary and preparatory clearance done for us by German war finance and war federalism. So that, just as Germany was saved half its fighting through our having the ground cut from under us by ‘Fifth Columns’, even so we shall be saved half our federalizing through having the ground cleared for us in the clean sweep made by Herr Hitler and Herr Himmler ‘who from Deutschland have come with their little brooms laden’.

But, even taking full advantage of these providential though unprepossessing charwomen, our federalist spring-cleaning should not evict the ‘vested interests’ too violently from the dusty snuggeries where these Lords and Masters have so long dictated and dozed undisturbed. Neither that somewhat decrepit Dowager, Social Democracy, nor that too diffident débutante, Socialist Demagogy, should risk a Ruling-Class

revolt. Post-war populations will be praying for peace; it is a reconstruction not a revolution we are planning—and the fate of France and Spain might yet be ours. '*Fas est ab hoste doceri*'—so let us take a leaf out of *Mein Kampf*. Let our democracy carry its reconstruction only into regions that are ready for it, against régimes that can be rapidly recast, and for remedies that would be immediately remunerative.

It is indeed indispensable that the first economic enterprises of the Union should be unopposed and profitable. If only because capitalist propaganda has, for a generation, been impressing on public opinion that governmental management in the public interest is less competent and even more corrupt than is a general manager in the interests of profit. Nor has this impression been entirely removed by experiences of War Socialism. The propaganda has been picturesquely illustrated by cartoons of official busybodies butting into businesses of which they have little cognizance, or of bureaucracies entangling enterprise in red tape—that being the only control they have. Whereas really these examples are evidence of some unwise usurpation of public services for private self-interest, and not as to the unquestionable superiority of private over public ownership and operation.

#### FIRST STEPS IN FEDERATION

Let us then, first of all, very briefly and broadly, review those regions which are open to federal occupation without opposition. The following public services are already subject to national control and to varying degrees of international co-ordination, and could be federated by common consent. In this, as hereafter, two general principles are observed. One is, that powers, not assigned to the Union in specific terms for a special purpose, are left with the State or Federation of States; the other is, that no service is included in this category that public opinion has not been accustomed to consider as of international, as well of national, character.

Public services suitable for immediate transfer to a Federation would therefore be:

(a) Communications: postal, telegraphic, and wireless services would provisionally be operated as at present by the Nation or National-Federation, but under Union postal and other controls instead of, as at present, under Postal Union and other conventions. Air postal and passenger services, other than local, would be operated by the Union in connexion with its Air Force (see Defence). As for broadcasting: short wave would be controlled by the Union and League; medium lengths distributed to the National Federations and States; and long waves left to Union and State Corporations and for local purposes. Deep-sea cables would be provisionally operated by State Corporations under Union control; thereby removing a grievance of non-maritime States. Rail, road, and river transport would be operated by State Corporations under Union control; but the Union would operate the through inter-state services along main routes—an extension of the pre-war Wagon-Lit, Pullman, and Mitropa services. The Union would also take over the responsibilities of the Danube and Elbe Commissions and extend them, with similar Commissions, to all inter-state river and canal transport. Mercantile marines, other than coastal, would be operated by State Corporations under the present flags of Nations or National Federations. The Union would charter and later construct such shipping as it would require. It would also operate one suitable sea and river port and docks in each State; to which it would run through services. Coastal lighting and life-saving, marine registry and insurance would be operated as at present for the present; but under a Union control, developed out of existing conventions.

(b) Public Health. All existing international responsibilities for public health and all regulating powers under international agreements or authorities would continue for the present to be conducted, in respect of Europe, by National Federations and National States under the control of the Union Health Ministry. The Union would conduct campaigns against endemic and epidemic diseases by quarantine, sanatoria, research, &c.; in concert with the League on one side and with the States on the other. State medical services,

public assistance, pension schemes, &c., would be supervised and subsidized by the Union. The public health authorities of the States would adopt and apply the Union health legislation in respect of Factory Acts, Food and Drugs Acts, Infectious Diseases, &c.

(c) Utilities: Electricity and Gas, Light and Power, Water Supply and Power, and Milk Supply would be operated by State Corporations under Union supervision with Union financial support.

(d) All social organizations, such as Employers' Federations, Trade Unions, Producers' and Consumers' Co-operatives, Life, Education and Health Insurance, Pawnshops, Friendly Societies, &c., would be administered as State Corporations under the control of the State but associated in European Federations under control of the Union.

#### ECONOMIC AUTONOMY OF STATES

So far a sufficient measure of unified federal organization and operation can easily be made effective, without encountering either patriotic opposition or practical obstacles due to difference between the liberal and totalitarian social systems. In what follows such difficulties will have to be dealt with; and the conditions that will have to be complied with in seeking solutions have been already examined by economic experts. For example, 'an international currency system is appropriate for a group of liberal economies which practise an internal policy of *laissez-faire*. It would also be appropriate to an international authority which had extensive powers of planning and regulating economic and financial policies. But it is not appropriate for an international organization of States with divergent internal economic structures and policies, if those States desire to preserve a large measure of control over their own economies.'<sup>1</sup> Which opinion has been chosen for quotation because the last sentence might be interpreted, and was perhaps intended wholly as a death sentence on a project for a Union not capitalist or communist. Whereas it does not

<sup>1</sup> Meade, *Economic Basis of a Durable Peace*, p. 54.

in effect exclude an economic integration of all Europe. Seeing that British capitalism and Russian communism, the two main factors and motive forces of the Union economy, though very *diverse* are not *divergent*. British Capitalism for profit has been for war purposes developed into State Capitalism and is becoming rapidly communally controlled and incorporated; Russian proletarian Communism has already declined into State Capitalism and is as rapidly decentralizing into autonomous communities and corporations. While National Socialism and Fascism, in between, are deadlocked in a despotism of State Capitalism and State Corporations and will only develop in association with the old democracies of the West or with the novel democracies of the East. Nor is there any reason why all these economies should not preserve a liberal measure of residual control over their economic affairs, provided they are prepared, as for the reasons reviewed above they would be, to use that control for co-operation rather than competition and for convergence rather than divergence. As, however, the faculty of using such controls for competition, rather than for co-operation, would in some respects be too risky a facility, it would be imperative to put the Union in command of the key position—banking and the control of money-power.

#### THE BANKS AS SOFT SPOTS

But the capture of this key position will not be uncontested. Indeed no frontal attack in force by federalists is likely to be effective, wherefore following modern tactics, they should infiltrate 'soft spots' and then 'fan out on a wide front'. They should also suborn a 'Fifth Column' of supporters and a 'Silent Column' of sympathizers. And the softest soft spot would be the brain of capitalist economy—the banking system. Owing to its being also the 'high spot' of the economic pyramid, the banking system has become, more than any other Big Business, remote from private enterprise and responsible for what are really governmental functions. Banks are now national, not local, services and National Banks are State



Corporations, operating on national credit; even when, like the Banks of England and France, they are privately owned. It would therefore be expedient as well as easy to assign to each one of them special territorial or technical functions; which, though necessary, are now neglected for the sole reason that, under existing conditions, they do not pay. Thus, public land banks, loan banks, pawnshops, &c., could then be provided by merely converting some of these ubiquitously redundant and uselessly rival multiple banks into such supplementary banking services. A national banking system supplying such services could ensure that private enterprises of public utility were no longer compelled to cadge the capital they need through the agency of loan sharks and shyster lawyers who plunder the investor if the enterprise fails and the inventor if it succeeds.

#### FIFTH AND SILENT COLUMNS

Though the banking system is a 'soft spot', it is also a hard core of Big Business. It is a fortress that will be defended to the last ditch by the more hard-boiled and hidebound Money Barons. Federalists will have to make breaking into it an 'inside job' by securing a 'Fifth Column' of supporters within the banking bureaucracy and Big Business. For, unless it is captured, there can be no real economic reconstruction. There will, on the contrary, be a general restoration of the Bourbons of Big Business whom War Socialism had recently deposed and a generous rearmament of the Money Barons whose strongholds Nazism and Fascism had overthrown or undermined. A danger so obvious that, until we pledge ourselves to a plan of economic reconstruction and unless we enlist experts for its execution, there will be little inclination among social democrats abroad to fight for us.<sup>1</sup>

As for the 'Silent Column'—that would be recruited from

<sup>1</sup> 'The economic developments, which are largely responsible for the revolutionary changes in the organization of war, are no less decisive in the organization of peace. Here, too, the planned co-operation, which has already begun under the exigencies of war, must not be abandoned at its close. Great Britain must lay the foundations of a new economic order.' (*The Times*, leader, 16 December 1940.)

the non-party voter and non-professional investor, who both have to be convinced that party votaries and vested interests are incorrect in maintaining that property and prosperity alike depend on leaving unchanged our 'complex capitalist system'. Money talks; and shareholders and householders must be told, in terms of cash, that a conversion of European public utilities to public ownership and operation, under State Boards and Union Commissions, would give them better service, and that a conversion of their shares into State Bonds guaranteed by the Union would give them better security. A proper publicity for such a policy would be worth an Army Corps for winning the war; and worth the whole Diplomatic Corps for winning the peace.

#### THE BATTLE OF THE BANKS

By enlisting the expert executives of great profit-making enterprises as the engineers of the new economic machinery, federalist votaries would steal the brains of the vested interests. Many of these men are already engaged in organizing and operating national war-controls; and this, too, out of public-spirited idealism without regard to their private interest. Such men would carry on if their war-controls were promptly and practically converted at the armistice into self-governing Corporations of the Union and States. They could be reinforced by the pick of the younger men from the national armies and administrations. They, too, would be ready to renounce the money prizes of competitive business, if they could replace its servilities and insecurities by the enlarged power and established position of public service. Because, just as investing his savings in gilt-edged securities would be more attractive to a good citizen than a gamble in gold shares, so the investing of his services in promoting our public prosperity would be more attractive to a good executive than producing profits for his employers. So that, thus deprived of their bank backing and their business brains and with their national and international 'power behind the throne' temporarily interrupted by war, the Powers that Be would find

themselves crippled in fighting for a power that ought never to have been.

By such prudent strategy and prompt strokes the new federal and state democratic organisms could be created out of the dictatorial organizations of War Socialism, whether British or German. They could and should, moreover, be brought into operation before reaction, for the restoration of national sovereignties or financial vested interests, could queer the pitch. Wherefore the first pitch on which economic federalism should stake out its claim must be the banking system. Federalization of the banking system would, in point of fact, mean a battle royal in which anything short of unconditional surrender by the *ancien régime* would prejudice or even preclude any subsequent success on any front. But in point of form, it would be merely the crowning combat in a long campaign. It would be only an extension and execution of pre-war projects like the International Bank at Basle and of other international institutions recommended in League Reports.

#### CONTROL OF CURRENCY

Wherefore federalists should firmly insist on federal control over European currency and credit, operated by a central banking system and organized by a Union finance ministry.<sup>1</sup> These organs would operate in consultation with Union and State Planning Councils. The Union would concert with the State, with National and National-Federal financial authori-

<sup>1</sup> This is necessary not so much because the functions of a central currency could not otherwise be provided, as because one of its functions would be to stop disturbances that could not otherwise be prevented. Thus Professor Robbins concludes: 'The plain fact is that the system, or rather absence of system, of independent currencies has been an actively disequilibrating factor producing a more rapid intensification of economic nationalism than perhaps any other influence. In practice the depreciation of one exchange has not normally been regarded by other centres as a merely equilibrating adjustment. There have of course been cases where this has been so; the depreciation of the French franc within the framework of the Tripartite Agreement is a conspicuous instance. But usually it has been regarded as something requiring defensive action which takes the form either of competitive depreciation or of the imposition of obstacles to import exchange control and the like. In either case the equilibrating effect of the initial movement is more or less frustrated and the disunity of economic relations increased.' (World Order Papers, No. 5, p. 35.)

ties and, through the League, with other currency systems. As for the credit power of the Union, that would be operated by the Union Bank under similar conditions. The Bank's assets would be the deposit of money balances, of funds and other securities by the States who would keep their accounts with it; also of the Union money revenues, gold reserves, and other material resources. All of which would constitute the most purposeful and powerful engine for dealing with European economic disorders. Some of the more serious symptoms of such disorders being: periodic depression and over-production in one region combined with under-provision in another, the sterilization of capital, the strangling of commerce, and the starving of whole communities; while property goes to the devil and proletariats go on the dole.

#### CONTROL OF COMMERCE

Coming next to commerce in its mercantile rather than in its monetary aspect, we find that central intervention must at first be less imperative though in no way less important. For theoretically, in order to let all Europeans benefit fully by the resources of their continent, Free Trade is indispensable. But this could only be secured by integrating Europe as an economic entity as entirely as is England. And, moreover, if the fullest Free Trade be given the fullest free play, we shall have to take the consequences. Now, the logical consequences of such Free Trade would, of course, be that in Europe as now in England, each region would provide the products most suitable to its resources in man-power, machinery, or materials. But this would result in some European countries, like some English counties, being predominantly either industrial or agricultural, either rural or residential, either mining or maritime. Whereas the ideal conditions of a free community are that it should contain all possible forms of economic self-expression and serviceable employment. Moreover, the claim of the economic nationalisms, that we want to displace—that their system alone will supply such a variegated society—has been generally conceded by their citizens. Wherefore,

agricultural peoples, who have at great cost to their standard of living built up industries that, in their opinion, raise their moral status, would be reluctant or might even refuse to form part of a Free Trade Union. This would also apply to industrial Powers which have so mechanized their production as to raise the standard of living of the majority while pauperizing a minority. The agricultural peoples would refuse, because they could not protect their adolescent factories and workers against cheaper manufactures; the industrial Powers, because they could not protect their senescent farms and workers against cheaper man-power. Which considerations have already been noted in connexion with the right of secession; but are recalled here as a reason for not making acceptance of Free Trade a condition of entry into the Union.

The provision of protection for high standards of living in one Member State against low standards in another is a tactical difficulty in establishing an economical Federal Union.<sup>1</sup> But there is no technical difficulty in substituting trade regulations for tariff rates. This would also facilitate combining 'totally' planned Communist economies in Eastern Europe with the patchwork of piecemeal Capitalist economies in Western. There is, moreover, another tactical difficulty, very similar to, though less substantial than, that which delayed Disarmament. It is the difficulty of substituting an authoritative collective security for the accustomed competitive self-sufficiency. Just as national armed security has ended in the extreme of nationalist aggression which we are now fighting, so national tariff security has led to the extreme of nationalist autarky which we now have to face.

The question is whether, and by what means, the totalitarian State capitalism of Germany, the fascist corporativism of Spain, Portugal, and Italy, the federalist communism of Russia, and the capitalist commercialism of the Social-Demo-

<sup>1</sup> This difficulty is not met by classical free trade doctrine that the high standard of living is due to high productivity and not to high protection. (v. Currie, *Case for Federal Union*, p. 85.) Because, high productivity with a low standard of living is produced in economies suddenly mechanized, e.g. Japan; and the effect of economic union with them would be to lower the workers' standard of living in England, until an average adjusted itself.

cratic countries, can all be combined in a European economic entity. As to this, experts are again encouraging. Says one: 'The international authority must have extensive powers over the total supply of money and over total public expenditure in order to overcome trade depression. The Member States must renounce any intention of planning their own internal price level and costs. Wage rates and other costs must possess a considerable flexibility within each Member State. The successful operation of the system will be aided by the absence of hindrance to international trade and migration.'<sup>1</sup>

We can, therefore, now proceed to provide a progressive substitution of trade power dams for tariff protective dykes, and to prepare an eventual substitution of such Union power for the national sovereignty of pre-war Europe. Opposition to the progressive reduction of tariffs should originate only with protected vested interests, seeing that investments in protected enterprises can be better protected by manipulating currency and exchanges. For example, the Soviet system surrounded itself with high tariff walls, which had little importance as a hindrance to trade because their protective function was really performed by a complete control of commerce, currency, and consumption. A tariff is a Chinese Wall; a currency control is a system of deep defence.

Now the Western Capitalist Powers, especially Great Britain since the abandonment of Free Trade by British progressives in 1931, are mainly dependent for protection of their economic status quo and standard of living on tariff rates, with only minor reinforcements from trade regulation. They would therefore resent and resist any reciprocal reductions of rates as prejudicial to their vested, and even to their vital, interests. But a general and gradual substitution of trade regulation for tariff rates need not disorganize their internal economies. The concessions required of them by the Union Economic Council in the interests of Europe as a whole, might produce outcrops of 'special' unemployment—for example, agricultural unemployment in an industrial State which the State objected to remedying by altogether abandoning its agriculture. Such

<sup>1</sup> Meade, *Economic Basis of a Durable Peace*, p. 54.

troubles could be treated by price regulation and exchange control, reinforced, for temporary relief, by subsidies or other supports. But in the case of Libertarian States it would probably be better to retain the tariff rates provisionally and reduce them progressively. Whereas Germany, Italy, and the other Totalitarian States could substitute trade regulation for tariff rates without difficulty; and all that would be necessary in their case would be for the Union to prevent them from coercing their capitalist customers or competitors by exploiting their peculiar powers, either by dumping or denying their exports or by expanding and then contracting their imports.<sup>1</sup> For this reason recourse to block currencies or currencies of varying values, as at first experimented with by Russia and later exploited by Germany, would have to be prohibited; supposing them not to be already precluded by a Union currency and control of exchange.

Commercial exchanges are, of course, carried on under present conditions between communist trade commissariats and competitive capitalist traders; the disadvantage of the latter in respect to the absence of competitive prices being offset sufficiently by the assurance of punctual payment. The large-scale long-term tenders of communist State trading have indeed been more satisfactory to the capitalist trader than the little short-term contracts at competitive prices have been to the communist Trade Board. Nor would it be difficult to organize and operate a European system of credit clearances and commercial exchanges at rates regulated in relation to those of the free markets in Europe and elsewhere. These rates, which would only move within a restricted range, would be revised regularly as are those of a Five-Year Plan.

It is evident that, given a generic gradation of economic standards of living in the States and a general grant to them of economic liberty, a regulation of their relationships by exchange controls would only be effective if based on a regula-

<sup>1</sup> Behind a façade of rigidly controlled official rates, there developed surreptitious discounts and special quotations. The mark multiplied, so to speak, by fission, and there emerged a great variety of marks each rigidly confined to particular uses—German foreign trade being run as if it were a gigantic discriminating monopoly. (Robbins, W.O. Papers, No. 5, p. 35.)

tion: (a) of prices in relation to difference in costs, and (b) of production in relation to differences in consumption. An examination as to how this radical economic regulation could be effected did not encounter more than difficulties of detail; but there is no space for it here. The plan was to take any recent European economic emergency that had enforced some empiric remedy on capitalism in the United Kingdom or the United States. Next, taking the remedial experiments of German National Socialism or Russian National Communism, composite constructive policies were worked out for the Union along the lines of least resistance and best results. For example, such experiments in control of price and production as those in respect of coffee, which ended in it being burnt, or of wheat, which ended in its rotting, or of rubber, sugar, and tin, which also ended in smoke and a bad smell, need not have failed under general governmental controls of exchange and exportations.<sup>1</sup>

It is important to realize that even before the war, about one-quarter to one-third of the world's commerce was subject to some regulation or restriction;<sup>2</sup> and that, by the end of the war, less than a quarter will be left free. It is also interesting to note that the representative British group that produced Plan X was of opinion that 'much progress has been made, especially in the last seven years, towards world control of production, stocks, and movements of raw materials'; and that 'controls already established are of great strategic importance for world order'. It must be admitted that other experts hold different views: e.g. that 'where political disunity is most acute the prevalence of quantitative controls of trade is

<sup>1</sup> 'Whatever their ultimate justification, these schemes are not international in the sense that they serve the interests of all nations; they serve only the interests of some people in some ways.' (Robbins, *World Order Papers*, No 5, p. 31.)

<sup>2</sup> The uncontrolled and uncoordinated creation of cartels is a leading cause of the economic competition and confusion. Here is an incomplete list. Aluminium, benzol, calcium, cement, cinemas, charcoal, chemical products, copper, cyanides, dyestuffs, eggs, electric bulbs, ferro-tungsten, films, fish oil, glue, iron ores, linen, linoleum, locks, marble, matches, mercury, nitrates, nitric lime, petrol, potash, rails, rubber, silk (artificial), stearine, steel, sugar, super-phosphates, white lead, zinc. These, and many others, could be converted into controlled and co-ordinated State or Union Corporations. (See Prof. MacGregor, *International Cartels*.)



greatest'. But this, if true, would probably be due, less to any provocative peculiarities of quotas, than to their exceptional efficiency; so that, when used for competitive, not co-operative, purposes, they become more of a *casus belli* than a tariff. We may safely agree with the 'British Group' in accepting them as building material for economic reconstruction.

#### CONTROL OF COLONIES

Even more important than tariff walls as an economic cause of war is the competition between European States for the supplies of colonial and other raw materials. These come mainly from undeveloped regions and races of Asia, Africa, and South America. Home countries cannot compete in producing such materials but they can capture them when produced, either by annexing the source or attracting the supply. The first method is that of the Colonial Power which, in the last century, simply monopolized for its own market the materials exported by its colonists; and this 'mercantilism' is, in some respects, still maintained by some Powers. The British, however, learnt by experience to run their Empire on more liberal lines and as part of their general commercial and credit system. Whereby they imposed to some extent their 'open door policy' on other States by treaties. Consequently African colonies in the Congo Basin and all mandated colonies are now 'open door'.<sup>1</sup>

Now of Europe's imported raw materials colonies supply only 3 per cent. and 'closed colonies' less than 1 per cent.; which effectively argues against the German agitation. But,

<sup>1</sup> The open door policy does not mean renunciation or reservation or restriction in the use of colonial raw materials; for not even the most monopolist of Imperial Powers do so directly. It should mean an equitable equality in all facilities for purchasing colonial produce; which, practically, no Imperial Powers as yet concede to their competitors. For example, since Great Britain modified its 'open door' policy with 'Ottawa preferences' and 'Japanese quotas', the differential quotas and duties on manufactured foreign imports into colonies in payment for colonial raw materials do act as a price restriction on the purchase of raw materials. Indeed, why, under present conditions, should the British supply the Japanese with cheap raw materials that will enable them to expel British manufacturers from Indian markets, and establish an autarchic control over Indian economy by exploiting Japanese and Chinese cheap labour and low standards of living.

if instead of 'imported' I had written 'important' (as my typist did), the argument would have been rather weakened. For, of the three colonial products most essential to Europe, nearly all the rubber, about half the tin, and a quarter of the copper come from colonies. However, as the cost of maintaining colonies is not inconsiderable, the assumed advantage of the Colonial Power over the Powers that were too late or too lazy in the scramble, seems more a sentimental than a substantial grievance. Although, as this point is made by Powers who not only got the lion's share in the scramble but looted, after the last war, such scraps as Germany had scraped together, it has not carried as much weight with Germany as it would otherwise be worth. Colonial claims have consequently always bulked largely in the war aims of German and Italian aggression. And we have gone far in conceding the return of Germany's lost colonies and the recognition of Italy's illegal conquests. This, like all appeasements, is unprincipled and unproductive. A return of colonies to Germany and Italy would be a restoration of the proprietary principle that was very properly replaced by the mandatory principle at Versailles. That principle should now be extended to all colonies that are controlled by European States and that are not yet suitable for self-government and for incorporation in an African, Asiatic, or Australasian Union.<sup>1</sup> The mandate should, moreover, provide that the colonies of States within the Union are held in trust (*a*) primarily in the interests of the natives and secondarily in that of the colonists; and (*b*) that their produce be distributed equitably primarily within the Union and secondarily to the rest of the world. The colonies should be administered by the mandated authorities as at present; unless and until the Union legislature and the League Council decide

<sup>1</sup> Thus, in the French Cameroons and Togoland which are mandated, one-quarter of the revenues are spent in social services, and the native population has increased. In French Equatorial and West Africa, which are monopolist, one-half of that proportion is thus spent, and the population is decreasing. Again, in South West Africa, which is mandated, the native gets more from direct taxation than he gives; but, in the Union, he gives more and gets less. In South West Africa, the native has more land in proportion to the settler than in the Union. In South West Africa, there is no poll-tax to coerce him into contract labour and he is contented.

that an international administration is in any particular case advisable.

It is obvious that there can be no application of federation to colonial dependencies<sup>1</sup> so long as the Imperial Powers, the British, French, Dutch, Americans, and Japanese, remain in imperialist competition with one another, and in imperialist coalition against colonial concessions to hungry have-nots like Germany and Italy. But, once these are federated in a co-operative economic Union, or Unions, the colonies can be pooled; their products at once, and their property rights in them later. Such pooling will obviously be advantageous even to the more mercantilist and monopolist Empires. For, not only will they economize on overhead expenses for administration, but they will be assured better prices for their own products, owing to exchange regulations, and will be sure of equitable proportions of other colonial produce. Nor will the organization of the new colonial system be difficult. A Federal Board will regulate the prices and distribution of colonial products, and, later, a Federal Bureau will replace the various Colonial Offices. This Federal Bureau will eventually control the administration by the local European civil service, and the legislation by the local councils of settlers and natives. It will be guided in this by the principles of the Mandatory System which, even under the less executive control of the League, has evidently justified itself. The prices of colonial produce would be fixed by free negotiation between a Union Board on which home producers and consumers would be represented, and a Colonial Board on which colonial employers and coloured labour would be represented. In the event of disagreements ending in disorder, the Labour Courts and Codes of the League would have jurisdiction. For, without some such ethical influence free from economic interest, the return of colonies to proprietary authority or their removal from the responsibility of a liberal administration, like ours, would alike end in their exploitation as servile depen-

<sup>1</sup> For definition of a colonial dependency see Prof. Keeton in *Federal Union*. See also *The Colonial Problem*, published by Chatham House, 1937.

dencies of a soulless European domination. In that case their last state might be worse than their first.

The enfranchisement of European colonies in Africa, Asia, and America is still remote. But the operation of European federal organs in control of such dependencies will require a revision and a regulation of Europe's relationship to those communities in other continents. There seem to be two main motives and methods in that relationship. The first is the economic exploitation of material products and man-power for the wealth or warfare of Europe; accompanied by the European education of a native ruling class which will eventually be enfranchised as the equals of European citizens. This is the rational and intellectual relationship adopted by the French; which is approved by coloured colonials in Asia and Africa, much as the educational ladder is approved by the working class in Europe. Because it appears to accept equality in citizenship in principle, though, in practice, it really reinforces class inequality by conceding equality to 'educated' renegades. The second relationship on the other hand is the intuitive and racial attitude of the British. This segregates the coloured community socially and sexually, looks with suspicion on the native educated in Europe, and endeavours to educate the community as a whole into such conformity with European civilization as will save, if possible, its social system and customary culture. This ethical interest is accompanied by an economic effort to make the educational experiment pay its way.<sup>1</sup> Even though this concession to economic exploitation has brought its evils our trusteeship policy is the better, not only in the interest of these survivals of an older world, but also in saving what is of interest to a modern world which has, perhaps, more to learn from them than it can teach them. Moreover, if this instinctive 'trusteeship' interpretation of the relationship is instinctively realized by the community, it works well. For example, the Moslem communities of India and Nigeria, tribal communities like the Sikhs, Mahrattas,

<sup>1</sup> This aspiration has resulted in some administrative abuses, which are denounced in a formidable indictment by the Conference on Colonial Legislation of the Council on Civil Liberties (15 February 1941), published from their office, 37 Great James Street, W.C. 1.

Malays, Gurkhas, Bhils, and Gonds, Basutos, Zulus and Masai, and traditional cults like Brahminism and Buddhism. Where, however, it is individually and intellectually resented, as it is by Europeanized Indians or Americanized Negroes, it is, of course, a failure. The first method will probably be forced on us in any future federation of African and Asiatic tribal societies and traditional civilizations. But the second method must be followed, whenever and wherever possible, if a peaceful and prosperous relationship is to be assured between future continental Federations.

#### CONTROL OF COMMONWEALTH

We have still to examine the effect of European Federalism on the economics and ethics of the British Commonwealth. In dealing with Colonial Dependencies I have indicated that federalism—to be effective for an equitable and established economic peace—must mean the finish of the British Colonial Empire. But our relationship to the Dominions and to India, within the Commonwealth, is very different; this being fundamentally political, and only fortuitously economic. Now obviously European Federation must put an end to the Imperial Preference policy of Ottawa; it must restore most-favoured-nation treatment between all European States in respect of tariff rates and must restrict all colonial preferential rates in future by Federal regulation. Whether protection and preference would, or could, be transacted and tolerated by sanitary and other regulations, as in the United States, is a question. The important point is that our future relations with the Dominions would be relieved of, and removed from, further dangerous economic exploitations of the essentially ethical bonds on which our Commonwealth is based. It was just such an experiment in economic exploitation by our dynastic autocracy that caused the secession of the United States. A similar experiment in the nature of imperial autarchy, whether it called itself 'World Economic Planning' or 'Anglo-American Federation', would be no less costly. Whereas a European Federation, with its pooling of colonial

dependencies and its protection of Dominion status, so far from injuring the British Commonwealth, would insure it a new lease of life.

Moreover, the effect of European Federalism would be no less wholesome in preventing other mistakes that now menace the Commonwealth. One such mistake is being made with respect to the nature of the responsibility recognized by Europe towards Asiatic, African, and Australian peoples, under the mandatory principle. It seems to be assumed that they are to be educated for entry, as soon as possible, into an equal fellowship in the established forms of parliamentary party democracy. Thus, federal schemes, based solely on democracy, contemplate the inclusion of such newly educated non-European democracies on an equality with European. Of course, such ideological inclusion would merely be made an excuse for their unlimited exploitation during an indefinite education. Moreover, what nonsense it is to talk of 'educating' natives who are administrators of complex tribal systems or adepts in Indian cultures and civilizations 'up' to the elementary school standard of our economic anarchies and political autarchies. The proper principle is to encourage them to educate themselves for eventual entry into Asiatic, African, and Australasian Federations. Thereby alone can they protect their cultures and customs against 'westernization' and their communities against international and internecine war. Though the inquiry will thereby be extended outside Europe, it will be worth while examining how, on these lines, European Federation might be followed by an extension of the Federal principle throughout the world.

Take India first, where our failure to operate the Federal principle is obstructing our war effort. It would seem that the reason for this failure is that India has been regarded merely as a dependency that has, or has not, been educated in democracy to a degree qualifying it for entry to an equal status with the other Dominions. Whereas India can really never be either a Dominion of the British Commonwealth or a Democracy on the English formula, or a Dependency of a European Federal system. The proper role of India is not that of being

an inflamed appendix to a European Federal system, but that of being a firm pedestal to an Asiatic Federal system. In such a system, an Indian Federation would be not only the leading component, but also the connecting link between other Federations of Eastern and Western Asia. In an Asiatic Union of unity without uniformity, India, linked to British and West European Capitalism, would counterbalance Russian Communism.

Finally, and this is a point of much interest for the future of the world's cultures and civilizations, India would be spiritually emancipated from Europe. The dependence of India on the British Raj is at present due to three menaces: a war of religion between Hindu and Moslem, an invasion by Communist revolution, and an infiltration of Capitalist industrialist 'westernization'—any of which would destroy the natural development of its very varied and valuable cultures. But, set free India from these menaces and from this dependence, and two desirable developments would follow. First, the conscientious British cold-storaging of a picturesque past—like the régimes of the Rajahs—would be replaced by a more creative and less conserve cultivation of native ideologies and institutions by Indian administrators and adepts, for whom they had a real meaning and were not merely monumental ruins. Moreover, both the serious schisms would disappear. Deprived of its function, in the feud between British and Indian, the vendetta between Moslem and Hindu would become as federally soluble as would that between Protestant and Catholic in Ireland. The other less violent but even more vital dualism, between the fanatical adherents to the ascetic faith of the Mahatma and the no less fanatical assertion of an alien formula of Government by Congress, which is now dividing India, would also disappear. For these fanaticisms are respectively a spiritual reaction against, and a political result of, Indian dependence on British Westernism. With their disappearance, not only could peace be maintained, but there would be a renaissance of all that is most richly representative and deeply rooted in a region that should be a mine for the future, and is being treated as a museum of the past.

It is indeed ridiculous that the future of the world is being at present imperilled because English, experienced in India, refuse to allow Indians, educated in England, to experiment in ruling the Indian complex of races, regions, and religions under a form of Government, first evolved in England, that has failed everywhere else and only functions there by fits and starts. An extension of federalism from Europe to India and Asia would easily find an exit from this curious cul-de-sac.

#### CONTROL OF COMMODITIES

Obviously the best way of dealing generally with the 3 per cent, of colonial produce would be to entrust it to a central organ of the Union responsible for the equitable distribution of all raw materials to the manufacturing centres of Europe; and such an organization has been for years the objective of recommendations and reports by expert authorities.<sup>1</sup> For this would obviate the necessity for a transfer of colonial dependencies to international control—to which patriotic opinion objects. Moreover, as such an organization would have also to provide for an equitable distribution of the means of paying for all raw materials, it would simultaneously meet the insistent obsession of Germany and Italy that they cannot obtain such colonial commodities unless they administratively control colonies. The fact being that both the objection to territorial surrender and the obsession with territorial supremacy are sordidly sentimental. For the advantage pre-eminently enjoyed by the principal Colonial Power, Great Britain, is not due to its being the owner of the colonies concerned, but to its being the operator of a world-wide circulation of commodities and credit, controlled by the City as the World's commission broker and commercial banker. The consequent flow both of commodities from 'free' colonies and of commissions from 'free' trade in them into the hands of British merchants and money-lenders, is as natural a process as that of rivers

<sup>1</sup> Henderson, *Colonies and Raw Materials*; Robbins, *Economic Planning*, 1937; Ward, *International Share-out*, 1938; Royal Institution of International Affairs, *Raw Materials*, 1939; League of Nations Commission on Raw Materials, 1937.



flowing down over mill-wheels to the sea and then returning in rain to the rivers and so to the mill-wheels again. Moreover the money first came from the savings of British workers of every class and then returned as far and as fast as it could to them. It might return faster than it does, for it at present does not reach those workers who want it most. However that may be, ingenious German devices, like the '*Block Marks*' or the '*Markt-Ordnung*' or the bartering of concertinas for corn, are only expensive force pumps for diverting this flow of raw materials by an artificial channel to their own mills. These expedients fail inevitably; because, assuming that capital and credit can be private property, the materials are, properly, payment to the money-producing promoter of the circulating process. Also because the Germans and Italians, having no such complete or comprehensive circulation of commerce and credit of their own, have to settle separately for the raw materials they require at great expense to themselves and exasperation to their customers. Owing, moreover, to the calamities that Germany has called upon itself in the last quarter century—military disaster and monetary devaluation, revolution and reaction, armament, disarmament, and again rearmament under pressure, staggering taxes and starvation wages—there is in Germany not even such accumulation of capital at home or of credit abroad as might otherwise have enabled the principal industrial centre of Europe to finance a proportion of its own exchanges.

#### CONTROL OF CAPITAL

According to Classical Economics of the Free Market, the free flow of capital and credit, from countries where investment funds are in high request and interest rates are low, to countries in need of development, is a process profitable both to the lender who gets more dividend and to the borrower who gets more development; because it means more 'prosperity' for the lender and more 'progress' for the borrower. But, in practice, at present, the process does not work out so well. If a country's savings are exported for the profit of the

financier at home and the foreigner abroad, the social welfare of that country will be retarded, its economic development will be restricted, and even its political peace may be wrecked. Again, if the borrowing country is incapable of making proper use of the new money-power, it may result in the demoralization of its natives and the destruction of its neighbours. Cheap British capital reduced the Chinese from home craftsmen to factory coolies, while cheap Chinese labour in return has reduced self-respecting British workmen to paupers on the dole. The British workers' savings, which should have gone to building them proper houses, go to building factories on the Ganges and villas on the Riviera. Moreover, undirected, and too often, undemocratic, exportation of capital and credit has direct danger for the political peace of the exporter. It is, for example, hard to say which has most contributed to the dire danger in which we are to-day—the granting of credit to Germany which has enabled her to re-arm for the destruction of Europe and England, or the grudging of credit to Russia which has encouraged her to equip herself economically in complete independence of the rest of the world. Or, as examples of a schism, indeed a civil war, between controlled export of credit in the public interest and uncontrolled export for a private interest, take the loan of many millions made by the United States Government to Chinese democracy, and the credits to ten times as much made to Japanese militarism in respect of munitions and war materials supplied by American business. Or the fact that, after Japan has entered a formal offensive alliance with Germany, British and Canadian business is still supplying the Japanese forces with petrol, scrap, &c., essential for her war operations.

The real rule of thumb for the regulation of the export of capital is not that business is business and that Free Trade implies fair trade. The ethical rule for economic relations is much the same as that for political relationships. You can have Free Trade subject to the same restriction as Federalism—which is free transaction. According to this restriction, Free Trade, including free export of capital, is only expedient within an essential entity, whether racial, regional, or 'reli-

gious'. Between countries or communities without such common interests or institutions or ideas, it will, especially if arbitrarily administered, do all parties more harm than good. Therefore, if the proposed Federal Union can be established as an effective economic system, almost all accumulations of capital within it should find investments that are profitable, productive, and progressive within the Union and under the democratic direction of the Union and State authorities. Then British savings in sufficient amount might still be at the service, say, of Balkan social progress; but the Balkan small holder would only give a reasonable rate of interest, while the British shareholder would get a more reliable security.<sup>1</sup>

Freedom of Trade, in short, whether in commodities or credit or creeds—in money, munitions, or missionaries—must be proportioned to the degree of liberty, equality, or fraternity in the relationship between the free traders. It may be objected that there must be free exchange of opinion as otherwise there would be no freedom at all, and that creeds are completely, and credit partly, a matter of opinion. The answer is, that just as faith in the national creed must be respectively protected by an ethical law and order, so must faith in the national credit be protected by an equitable economic law and order.

An administrative application of this principle by democratic federalism might be somewhat as follows: That only such surplus savings in any Member States as the State organs approve should be made available for investment outside the State; and only such surplus of this surplus as the Union approves should be made available for investments outside the Union. Operating on such lines, a Capital Export Commission of the Union, in co-operation with similar State Commissions, with the Exchange Control Commission and with the Capital Issues Commission of both Union and State would, in the first place, restrict the movement of speculative or fugitive funds—that 'hot money' that now embarrasses the

<sup>1</sup> That improvement is desirable in this last respect is indicated by the difference between a drop of 80% of the capital values for British fixed interest investments in foreign countries, as against only 10% for such investments in the British Commonwealth.

exchanges in any economic emergency. And, in the second place, it would regulate the free flow of credit to those fields abroad and at home where it would be least harmful and most helpful. The oldest Communal Courts for the equitable regulation of public utility are the prehistoric Water Courts of Spain. The proposed European control over the fructifying flow of capital would be merely a contemporary and continental application of the same primitive procedure by which claims to use an economic essential were first decided by arbitration rather than by assassination.

#### FEDERALISM REPLACES FINANCIERING

No doubt to the sentimental city man, and there is no one more sentimental, the systematic surrender of our national economic supremacy to an international super-State would seem as suicidal as a similar surrender of our political sovereignty, our armed security, or our colonial suzerainty. Especially when it meant anything so shadowy as incorporation in a Federal Union or co-operation with anything so shady as the Soviet Union. But the sensible business executive has already recognized that it is a choice between selling out to a combine, in which we retain a controlling interest, or being squeezed out by competitors who would take control of our interests. The monopoly of London in the financing and floating of the world's commerce and credits has been in decline since the First German War. In the East, the Soviet system seceded and set up an autarchy; in which course it was later followed by Germany and lesser States. In the West, London had to sell to New York its money power over America in return for munitions; and, though some of this power was recovered, New York has become a competitor for our financial and commercial position as banker and broker for the Americas and Eastern Asia. The results of this war will not only be to restore to them the lead they took after the last war but to put us, perhaps permanently, out of the running altogether. The United States already have made political and economic overtures for organizing the American continent as an econo-

mic entity, though the Havana Conference suggests that this process will be protracted.<sup>1</sup> But the longer the war is prolonged the more rapidly will the exploration of these avenues progress.

The time has now come when, in the long run and in the latter end, it will pay us in terms of peace and prosperity to share formally as well as factually our control of the world's circulation of capital and commodities. If we claim for our own posterity the profitable 'good will' our predecessors acquired as 'Gentleman Adventurers', we shall risk the ill-will of possible partners who will, in their turn, become not so gentlemanly adversaries. By converting our banking and brokerage business into a European Joint Stock Company we shall gain immeasurably more for the welfare of our Commonwealth than we shall lose in wealth for our City. We shall not only be the Senior Partner of the new European Combine but also for a time its Managing Director. The competition of two concerns—Great Britain and Germany—has twice caused a *Krach* that has threatened civilization. Their co-operation will enable Europe to employ its savings on saving European life for a millennium instead of slaying it off by the million; it will enable Europe, through England, to work for the world's welfare with America in friendly consultation and fertile competition. Finally, it will enable European Capitalism to be co-ordinated through a Socialist Scandinavia and a Social Democratic Germany with the State Communism of Russia.

The possibility of combining British Capitalism and Russian Communism in one Federal Union is, as has been said above, the criterion of European Federalism. It has already

<sup>1</sup> The main economic points of the Washington agenda for the Conference were as follows:

(a) To strengthen and expand the activities of the inter-American Financial and Economic Advisory Committee as the instrument for continuing consultation on trade matters

(b) To create facilities for the temporary handling and orderly marketing of accumulated surpluses of those commodities which are of primary importance for maintaining the standard of life of the American Republic whenever such action is necessary.

(c) To develop commodity agreements with a view to ensuring equitable terms of trade for both the producer and the consumer.

(d) To consider methods for improving the standards of living of the American peoples.

been pointed out that reaction from the Russian Revolution is carrying us all, British, Germans, and Russians, into organized Collectivism by way either of revolution or of evolution; that Free Trade is finished in favour of State Trading and that, after this war, not much more than a quarter of the world's commerce will remain uncontrolled; that already the British and Russian State Socialism and Federalist Constitutions are most curiously coinciding, and that there is no reason in Christian ethics or in Capitalist economics to prevent co-operation. It would have been interesting to have developed this more in detail; but proper proportion must be preserved. There is one point, however, that cannot be put too often and that I shall, in conclusion, present once more. Co-operation with Russia and with Germany is the only way of preventing class war, international or internecine, in Europe or England. We most of us do not realize the risks we are running. Our economy is not static; it is not even stable. Before the war, British economy was in a state of transition and like a 'Gaul' divided into three parts, was fairly inviting a Caesar. At the top were the organized important industries such as coal-mining, rail and road transport, iron and steel, chemicals and cement, &c. These had acquired as much coercion over competitors and control over production as has a State Corporation, though without any corresponding control and co-ordination by the State. At the bottom were unorganized enterprises, still competitive and with a maximum of irresponsibility and with a minimum of regulation, for example, the building, clothing, and motor trades. In between were industries in rapid transition up into the first category, such as the distributive trades, textiles, and electrical supply. The process by which rationalization of production and restriction of output was extending itself to all enterprises was rapidly accelerating in pace; and the leading enterprises were already approaching a stage suitable for State incorporation. This process has since been completed on a national scale, provisionally, and in some cases prematurely, for the purposes of war. The question often asked whether this War Socialism will develop into Fascism or Socialism would be

answered by an economist—that the form and functions of the new economy would, in either case, be much the same. The political difference would be that, in the one case, the ruling class would be propertied and professional; in the other case, it would be productive and proletarian. If we remain a Sovereign State, stewing in our own economic juice, we may boil over, either into Fascism on the Right or into Socialism on the Left, or boil away altogether in Class War. If, on the other hand, we become the balance wheel and the bridge-way of a European Federation, containing a possibly Conservative Germany and a Communist Russia, State Socialism, grown from English seed and grafted upon European stock, would give Christianity and Civilization a fresh lease of life. It is, moreover, really foolish of our propertied and privileged ruling class to think they can best protect their own power by preventing British co-operation with Germans and Russians. For it is only by such co-operation that they can keep under control forces that would otherwise rapidly finish them. The world is to-day so really wicked a place that it is unwise to people it imaginatively with Boches and Bolshies and such like bogies. Why not think of Germans as marvellous bandsmen and of Russians as magnificent basses? Then we might imagine a European Union in which Mr. Montagu Norman and Herr Schacht led the decani and cantoris in a choir of European Bank Directors while Mr. Maynard Keynes and M. Molotoff harmonized European economics at the Federal Economic organ.<sup>1</sup>

#### EPILOGUE

It rests with us whether this pretty picture of a European economy, dutifully unified and not unduly uniform, should be 'only a beautiful picture.' Should it also be in a 'beautiful golden frame'? Shall we Europeans continue to balance our

<sup>1</sup> Please remember that I am planning an international reconstruction based on present internal conditions in the United Kingdom and the Union of Soviets. A very requisite economic reconstruction of the former, and ethical re-conversion of the latter, both now possible or even probable would provide a more operatic orchestra.

account with the Americans by selling them gold dug up by the European Union in Asia, Africa, and Australia so that the United States might bury it again in America? Or will Americans realize that we are defrauding them much more by selling them our gold bricks than by defaulting on debts incurred in defending theirs? Should we then plan an Anglo-American economy which would make workable a world circulation of credit and commodities, with clearing-houses and exchange controls, centred in an economic organization of the League? Such an inquiry, though entertaining, would take us too far afield and into the future.

Certain it is, however, that sooner or later the European Union will extend its range into a world-wide economy. The sooner the better:

. . . Wider, wider let us range  
Let the Great World swing for ever  
Down the ringing grooves of change.

And, if Tennyson supposed that trains had to run in a circle and in ruts not on rails, that is a mistake common to Conservatives, whether poets or politicians. Progressives believe that Progress moves to and fro in straight lines in two dimensions of space. Optimists hope that it moves up in spirals in three dimensions of ethnics, economics, and ethics. Political Scientists are beginning to suspect that it moves in four dimensional time-space, in no particular direction with a quantum motion that is neither that of a wave nor a bullet. It doesn't really matter, so long as it just goes rolling along.



## CHAPTER V

### WAR AND LAW

'The fact of progress is written plain and large on the page of history; but progress is not a law of nature. The ground gained by one generation may be lost by another. The thoughts of men may flow into channels which lead to disaster and barbarism.' (H. A. L. Fisher, Preface to his *History of Europe*.)

#### WAR IS A REMEDY

THE first four chapters examined critically a plan for reconstruction. This chapter will inquire cursorily into the prospects of any reconstruction at all. For probably, on finishing the last chapter you felt: 'All very pretty and perhaps practicable, but it isn't in the pre-war pattern or in the post-war picture.' Now this feeling is probably founded on the despondent defeatism before this war and on the disillusioned disappointment after the last war. Whereas, the next post-war psychology will be as different from the last as the course of the present war differs from that of the last. All wars are disorders of the Body Politic; but we are wrong in diagnosing the last war as a first 'stroke' which prostrated us, and this war as a second which will paralyse us. Such 'strokes' are not scientific terms for modern politicians or physicians. War, in the aspect from which it is here approached, is an organic remedial process—a fever of the Body Politic in which phagocytes fight to free it from some poison due to functional failure. The last war was quite too successful in reviving the vitality of Russia, Germany, and Italy; but not successful enough in the case of ourselves, the French, and the Americans, owing perhaps to our over-indulgence in celebrating our convalescence. In less polite language, the top dog returned

to its vomit. To avoid repeating this relapse, we have only to attempt such a reconstruction as that already reviewed above; and in this chapter good reasons will be given for thinking we shall have the resolution to do so. Anyway, our first good resolution must be to renounce a defeatism that, in Mr. Fisher's warning words, will 'let our thoughts flow into channels which lead to disaster and barbarism'. We have gone in to bat on a sticky wicket; but we have already stopped the rot and should now start winning the game.

We have been so concerned hitherto that there shall not be war that we have never tried to understand what war is. War was originally the normal relationship between human beings, as between other predatory animals, and was only organized in 'wars' when man became gregarious in tribes. Thus the realm of the Islamic World is divided into a Realm of Law for the Moslem, to which Christians and Jews are admitted as honorary members, and a Realm of War for 'the lesser Breeds without the "Law"'. The relationship between the two is one of religious war, the Djehad; though such a 'Holy War' may be proclaimed against a heretical Moslem sect. The Christian World with its Crusades follows the same pattern. But, being ruled less by ethics and more by economics, Christendom is more disposed to regard all Law as good and all War as bad, and Crusades as excusably expiatory but excessively expensive. Accordingly, as a professing Christian I say, 'Blessed are the peace-makers'; but, as a professional critic, I regard Law and War not as beatitudinal contraries but as complementary behaviourisms. Law, as I see it, is the only remedy for interminable war, and War the sole relief from intolerable Law. Bad laws make good wars and bad wars make better laws; but there is a difference between the two. War is rather more instinctive, and less intelligent, than Law; at least it is so in the case of mankind, for insects have instinctive social systems of admirable structure. Consequently Law for man is not only an escape from War; it is also an expression of the sanity and sanction of the Universe by which his human intelligence can escape from his animal instincts. It is a working theory, enabling him to explain and explore the

mystery of the material world and the mysticism of his mind. It is not only a remedy for militarism, but also for magic. And it is as a scientific remedy for black magic, as well as for bloody militarism, that a restoration of the Rule of Law is now urgently required as a condition precedent to the reconstruction of Christendom and civilization.

#### LAW-MAKING AND WAR-MAKING

The world of science is a world of Law; the world of the senses is one of World Wars. Civilized man must create laws not only to live at peace with others but also to live at peace with himself. Thus when, in the last war, we decipherers of enemy codes were presented with a new problem, our first effort was to find some system in it that could be worked into a 'law', and some 'law' that 'worked' by making sense out of the symbols. The 'law' had as often as not no relation to the real system of the code and cipher and often short-circuited its complexities; but no matter. So long as it made some sense, it could be perfected until it was good enough for all practical purposes. If, however, the law did not lead along a line of least resistance in the general direction of the centre of the maze by which the cipher and code were protected, then, in order to make it work adequately, it had to be elaborated until it became itself unworkably complex. It had then to be replaced by a new 'law'—a fresh explanation. Just as the impossibly complex cycles and epicycles of the medieval solar system had to be replaced by Newton's Law of Gravity so as to get a working model, and just as Newton's Space, Time, and Gravity are now being replaced by Einstein's Time-Space and Relativity. The Laws of Political Science and Political Economy are at the moment going through a similar remedial reconstruction.

Now, there is a fundamental factor in this world war that is, as yet, overlooked. The Germans justify their lawless war-making as being a new Law and Order for a lawless and disordered Europe. In the name of Europe we are resisting their new Laws as barbarous and reactionary, and their New Order

as unbearable and revolutionary. But this German 'law' cannot be condemned, as it often is by us, because it originated in—or even is organized as—war. The lawlessness and disorder of Europe had reached such a point that war had become endemic to our social system. For five years (1929–34) war was obscurely plotted by the Germans, for another five (1934–9) most obnoxiously prosecuted by them in pursuit of their new Law and Order, until finally it was officially proclaimed by the British. By that time there was no possibility of a further prolongation of peace. Either the new German Law and Order would be imposed on Europe, as are all revolutions, by the force of a fanatical militant minority on the infirmity of a majority that had lost all faith in the old Law and would not fight against the new Order. Or some living force and faith, like Spanish or English Nationalism, putting the German Law and Order to its proofs in ordeal by battle and at the bar of public opinion, would effectively show up its wickednesses and weaknesses. The Spaniards did their best and failed for want of support. If we are not to fail in our war-making and peace-making, we must do more than show that the Law and Order of a new 'Holy Roman Empire of German nation' would be bad. We must show that our new European Commonwealth of British nature would be better. We must not only successfully oppose a bad New Europe; we must also satisfactorily propose a better.

#### THE BRITISH AS LAW-MAKERS

Success in standing up to and stopping the German bowling has given us a good start and stopped the rot. But we must not assume that this evidence of the God of Battles being at least a 'non-belligerent', and of the German body-bowling being ungentlemanly, will not only make the world give us a 'Doctor's Mandate' for a 'New Deal' in Europe but also go to war to get it for us. We are unaware that a majority of Europeans and a minority of Americans, owing to a regrettable education or to recent experience, had, until we declared war, come to look on the British Commonwealth as essentially no more

equitable and ethical than the Third Reich. We are aware that European polities have been modelled on British political principles; but we are not aware that most Europeans regard their adoption of British liberalism and *laissez-faire* and their adhesion to British democracy and diplomacy as the cause of their present discontents. Such Europeans require us to show whether, and if so how, our ideas and institutions can now be so revised and revitalized as not only to prevent further lawlessness and disorder, but also to provide a new Law and a novel Order. They realize that we cannot alone win the war and reconstruct Europe unless they fight with us. And they are resolved not to fight without knowing for what, in terms of reconstruction, they would be fighting.

We do not realize that, until our declaration of war for democracy, Europeans regarded us with distrust; and still less do we recognize that they had some reason for this. Yet it was we British who in past days forced the principal neutrals of the present day—the Americans, Russians, and French—to fight for their national liberties and laws. We now recognize that the new Order of the French and American revolutions revitalized democracy; but we do not realize the price we have still to pay for our opposition, in American and French distrust and dislike as expressed in school histories and popular tradition. We do not yet recognize that the Spanish and Russian Revolutions have had the same revitalizing effect; still less do we realize the price that we and our posterity will have to pay for the obstruction we still oppose to them. We used to pride ourselves on being the ‘nursing mother of free nations’—the elder sister who ‘brought them up by hand’; we forget that it was always a heavy hand, and sometimes a ‘hidden hand’.

We are to-day paying for the distrust of other democracies in Great Britain as ‘Defender of the Faith’ by having to fight alone against a Germany that is reconstructing Europe on principles repugnant to the Common Law and the Christian Order. By this fight we have recovered the World’s confidence in our loyalty to Liberty—but not in our allegiance to Law. We have, like our first cousins once removed, the Americans,

always been law-abounding—but never really law-abiding. Thus, British statesmanship has come to be the art of avoiding internal responsibilities for social legislation by tricking the progressive voter and truckling to the propertied vested interests. This diplomatic diversion of all democratic reconstructive development at home was dangerous enough. But of late it has developed into an even more dangerous diplomatic diversion of democratic developments abroad, e.g. in respect of disarmament and collective security. By this diplomacy International Law and the new Order of the League were degraded into camouflage and cover for the realization of Conservative policies that were usually unsound, and Capitalist purposes that were unusually selfish.

For the five years before the war British policy gave the key-note to which European countries tuned in and the Premier was the conductor from whom they took the time. So long as M. Briand conducted 'The Marseillaise' or Mr. MacDonald 'Rule Britannia', the democratic concert of Europe could make itself heard against the *bumps-musik* of the dictatorships. But then there came a strong personality with a weak policy at the head of a strong Conservative party more practised in exploiting the weaknesses of democracy than in expressing its strength. The immediate results were impudent defiance of International Law and the League Order by the Governments of Germany and Italy; pusillanimous defection in their duty of maintaining them by the Governments of Great Britain and France; a *sauve-qui-peut* of the democratic front; a disgusted withdrawal into isolation by the United States and the Union of Soviets; and a general defeatism as to the reconstruction of democracy and resistance to dictatorship.

There has never recently been a civilization more dependent on Law and more desirous of Order than that of Europe, nor a ruling class that has more stoutly defended nine points of the Law and its own Order than that of the English. There can rarely have been a civilization or a ruling class that has so long survived such a sacrifice of law-making to war-making, or such subservience of public prosperity to private property as has this European civilization and English ruling class.

The result is that our ruling class, like others, has been living lately like rabbits, bolting into funk-holes from fear of the Prussian war-hawk that was, at first, only a painted kite, and bolting out again from fear of the Russian weasel that was, from the first, only a muzzled ferret. These apprehensions, with the German appeasements and Russian alienations they produced, disqualified us from mobilizing the moral opinion of the world in our support as the Champions of International Law and Order.

#### THE LEAGUE AND ABYSSINIA

The abandonment of Abyssinia to Italian Imperialism was the first home thrust at the heart of League Order and International Law;<sup>1</sup> but it was not a fatal one. The inclusion of Abyssinia, a semi-barbarous African tribal 'Empire', in the League was intrinsically an offence against the League system, which was due to French imperialism hoping thereby to save Abyssinia from British imperialism. The invasion of Abyssinia by Italy was only the last link in the chain of Imperialism with which Europe had bound Africa in the nineteenth century. It had indeed less to do with the politico-economic crises of Europe in the twentieth century than it had with the American financial crisis that had stopped Italian immigration. Moreover, the stand made by British democracy in defence of the League and in demand for 'sanctions' against Italy was so stout that Mr. Baldwin had to bow to the storm. The Foreign Secretary, who had been drawn by the sinister M. Laval into an appeasement which would at least have saved the core of Abyssinia, was dismissed; disregarding the constitutional corporate responsibility of a Cabinet whose policy he had been pursuing. Mr. Eden, the popular protagonist of the League, was promoted in his place and some sanctions were imposed. British and French democracy had asserted the authority of the Law, but they had not assured its application. Italian Fascism was startled but not stopped.

<sup>1</sup> Manchuria was mainly important as a portent.

Sanctions, such as an embargo on petrol or closing of the Suez Canal, that must have been effective were not imposed. Mr. Baldwin's Government, while ineffectively embarrassing Italy, most effectively embargoed Abyssinia by closing the Sudan frontier to the passage of arms and munitions. Poison gas gave a final *coup de grâce* to Abyssinian resistance. The net result was to convince the gangster Governments, who had grabbed national power and were greedy for international predominance, that the European system of Law and Order could be undermined and overthrown as easily as that of the German Republic or Italian Kingdom.

#### SPAIN AND NON-INTERVENTION

It was this conclusion that encouraged the German and Italian dictatorships to select Spain for their next aggression, and thereby to give a fatal, though not final, blow to the old Law and Order. For Spain was not only a democracy. Spain was the democracy whose resistance to the Napoleonic Empire of Europe enabled the British and Russian Empires to overthrow it—a role which, but for us, Spain and Russia would be repeating to-day. Spain was, moreover, the democracy that always has fought and always will fight, more than any other, for the liberal, legal, *laissez-faire*, two-party, parliamentary political system invented by the British and invested by them with the title of democracy *par excellence*. Spain had indeed given this form of democratic Government not only its party names, Liberal and Conservative, but also their political party natures. The British Whig and Tory were replaced by the Spanish terms, Liberal and Conservador, together with their Spanish political significances and party systems. Spain, however, carried these party philosophies to their extreme executive expressions. The reactionary party in Spain was not merely Conservative; it was a fighting faction of Carlism and Clericalism that has started three civil wars. The revolutionary party was not mainly Communist, as elsewhere; but, unlike other countries, was at the opposite end of



the political gamut—being Anarchist.<sup>1</sup> Anarchy, in terms of Spanish revolution, is arson, assassination, and activism; but in terms of political science it is the logical utilitarian Utopia of unlimited Liberalism,<sup>2</sup> just as Communism is the activist and authoritarian extreme of all Conservatism. This looks like a paradox but is really more like a pleonasm. Unlike British Liberalism, Spanish Liberalism has consequently always had a fighting force. So, when the pendulum of public opinion that regulates the oscillation of the two-party system was interfered with by reaction and Spain was reduced to a futile 'rotativism', the bloodless Republican Revolution of 1932 set the mechanism of Spanish democracy going again with Anarchist alarms but without as yet Communist excursions. The new Constitution was a model of its type. Revolutionary repressions and restrictions were light and did not last long. The General Election of 1936 was the first free ballot ever held in Spain. It showed the agricultural and industrial workers supporting the Republic with unanimity, the professional classes with a majority, the propertied class with a minority, and the privileged classes, including the Church, only very exceptionally. The Anarchists were multitudinous and turbulent; the Communists multiplying but tame; local incendiarisms and insurrections disturbing but not dangerous; the new Law and Order was never imperilled, though it was never left in peace.

<sup>1</sup> During the first six months of the Spanish civil war I had to accommodate property in Andalusia to the rapid and unrestricted realization of an Anarchist system of Government growing from the ground up. First, every relationship in life was represented regionally by a committee. Then, as these committees came into co-operation or collision as to their common interests, they had to be co-ordinated by another committee, and so on into a concatenation of committees, in which apparently all authority, to say nothing of activity, was anarchically annihilated. But, as a matter of fact, it was worked like other government systems by a ruling clique and key men, and for peace purposes worked well. Its social services were good. For example, it produced the most equitable and efficient rationing system Spain ever had. A call from the local Committee was as exciting as one from a Crowned Head. One never knew what uncharitableness might be in their minds behind their charming manners; but I always found them delightful to deal with. Unfortunately for Spain, the one thing the Anarchists could not do, and the Communists could, was to fight.

<sup>2</sup> Anarchy was first preached in France by Condorcet and the Girondins, in England by Godwin and the Radicals, in Russia by Bakhunin and the Social Revolutionaries; but has never been practised except in Spain.

The military *coup d'état* that began the Civil War (July 1936) failed; though it had behind it a majority of the officers, and a large minority of the officials. The Catalans and Basques, previously the protagonists of reactionary Carlism, remained loyal to the Republic that had given them 'Home Rule'. Only the Navarrese rallied to 'Rome Rule'. Many regiments and regimental officers obeyed Governmental orders, and the rebellion lost its leader, Sanjurjo, and its lines of communication. It was, however, given a fresh lease of life by Italian planes and by the Army of Morocco, under Franco, composed of Moors and Foreign Legionaries. When they, too, failed to force the approaches to Madrid against the Republican militia, German and Italian mechanized expeditions and technicians invaded the Spanish Republic, which in turn was only saved by Russian planes and technicians.

By that time the British and French Governments had evolved their policy of 'non-intervention'. This was a term and a technique unknown to International Law and the League of Nations; it was also a negation of the obligation to support the Spanish Government with munitions and military aid, as required respectively by the conventions of International Law and the Covenant of the League; France having a special obligation to deliver munitions already purchased under a recent Convention *ad hoc*. 'Non-intervention' was, none the less, presented to the British and French democracies as a sanitary cordon against Communism and a police measure indispensable to peace. It was accordingly approved at first by all parties, and was applied by a Committee sitting in London, on which Germany and Italy were represented but Spain was not. This Committee had no legal authority other than the acceptance of the British and French invitations. Its professed purpose was to prevent the invasion of Spain already proceeding by German and Italian land, sea, and air forces. Its function, in effect, was to cloak the German and Italian invasion and to cap it with an investment by Great Britain and France of the Spanish land and sea frontiers. This deprived the Spanish Republic of all foreign supply and support other than that from the Russian blockade runners or the volunteers

of the International Brigade. Thus it was that the first Battle of Democracy in the field had to be fought to a finish at Madrid and Barcelona by half-armed Spanish democrats, helped by a few thousand British, German, French, and Italian Communists, against modern artillery, armaments, and air forces, ruthlessly operated by Germany and Italy. Thus it was that democracy had to be defended in the forum at Geneva and London by Spanish diplomats, helped only by the Soviet delegation, against the manoeuvres of the Committee of Non-Intervention and the mechanism of the League, ruthlessly operated by Great Britain and France. Thus it was that the autonomy of a European democracy came to be destroyed, and the authority of the League of Nations and International Law came to be defied by Germany and Italy, two Great Powers who were members of the League, aided and abetted by Great Britain and France, the two Great Powers who were the principal promoters of the League and the natural protectors of Spain. Thus it was that the defence of the democratic Law and Order was left to be undertaken by the Communism that Democracy regarded as its worst enemy.

Obviously the democratic position was not merely unsound; it was insane. For a democratic Spain was essential to the defence of the British and French Empires; and Spain could be defended at no greater risk and cost than a French military deployment in the Pyrenees or a British naval demonstration in the Mediterranean. That this would not have led to war became evident when, a year later, more than usually impudent Italian sinkings of British shipping, naval and mercantile, led to the Nyon plan for policing the Western Mediterranean.<sup>1</sup> This was peacefully imposed by the British and French fleets on Dictatorships who, for the first time, had had their bluff called. Meantime, neither the horrors of Guernica and Malaga nor the heroisms of Madrid and Teruel, neither the resignation of Mr. Eden and other Ministers concerned

<sup>1</sup> The Nyon agreement declared that British and French warships would destroy any submarine which attacked a ship, not belonging to either of the Spanish combatants, contrary to International Law; and divided the seas round Spain into zones of naval patrol. International Law would have also prescribed protection for the ships of the Spanish Government.

for the defence of the Empire nor the resentment of the Labour and League movements concerned for the democracies of Europe, could persuade non-partisan opinion that Non-intervention was not a pacification and the only possibility of Peace, but an appeasement that would only make peace impossible. Obviously Spain and Morocco commanded the western entry to the empire of Europe, Africa, and Asia; and, equally obviously, if Spain became a dictatorship European democracy was gravely endangered. But British and French public opinion was intimidated and isolationist; while the French, Belgian, and Dutch peoples were not only intimidated but infected with anti-democratic intrigues and interventions. Wishful thinking as to Spain on the part of well-to-do British and French democracy welcomed the anti-red policy of reactionary rulers and the atrocity propaganda of irresponsible reporters, and appeased pangs of conscience with the reflection that the resolute resistance of the Spanish Republicans revealed them as revolutionaries. Well-wishing towards Spain of British and French workers expressed itself in subscription of surprising sums in relief of Spanish suffering. But a political agitation of progressive and philanthropic organizations against Non-intervention could effect little against the unholy alliance between bland pacificism and blind panic. So, after nearly three years of fierce fighting, Spain was crushed; and, within little more than a year, after three weeks of a very irresolute resistance, every European democracy, but one, had crashed. It looked as though that one as well must share the fate it had forced on Spain; but the jaws of the Reichswehr could not quite close at Dunkirk. John Bull only 'lost his second leg and the Forty-Second Foot'; but 'the wound it seemed both sore and sad to every Christian eye, and as they swore the dog was mad, they swore the man must die'. And why not? Who killed democracy? 'I,' said the Sparrow, 'with my Black Arrow.' Who tolled the bell? 'I,' said John Bull, 'because I've a pull.'

The policy of using International Law and the League of Nations as camouflage for a policy of appeasement seemed to some of us at the time a clever, if rather cynical, exploitation

of a Laputan International Law and a Utopian League Order. To others it seemed a sinister surrender of democracy, reputedly to save our peace, property, and privilege at home but really to secure power-politics and oppression abroad. While foreign opinion—American, German, Italian, Russian, and even French—concluded that British democracy too was so divided by class conflict and so debilitated by senility and soft living that it could no longer defend the liberties of Europe or even the life-line of its own Empire. And the tragedy of this prostitution of Law and the League was that it was not only suicidal—it was superfluous. For, just as our proper policy for getting some change out of Germany for the costs of the European war would have been to join with the French in a post-war penal occupation and spoliation, even so our proper policy for replacing the Republic in Spain by a more conservative régime, if that was required, was to join with the Dictatorships in setting up a Spanish demi-dictatorship like that of Portugal. Thereby we could have remained predominant in Spain as in Portugal; and we could have prevented the Spanish 'civil war' that is still an unexpiated crime against Christianity and Civilization. No doubt such British policies in Germany and Spain could have been severely criticized as being impolitic and even improper. But posterity could not have pronounced them, as it will pronounce 'appeasement', a malversation of our trusteeship for the Peace of Europe and the Police of the Seas, and a misprision of treason to our national tradition.

#### THE BRITISH AS LAW-BREAKERS

It would serve no useful purpose to hold an inquest on the bodies of the democracies that lie crushed or crippled along the devious course of British diplomacy during the last decade. It is, however, to the point to observe that, had we remained true to the Conservative tradition of British foreign policy—that a Nation which breaks the Law of Nations is an international criminal—it would not have mattered so much that our outlawry of the German and Spanish Republics for class-

war and Communism was a gross miscarriage of justice. Verdicts of public opinion, if given under the guidance of Law for the common good, will conform to the evidence; such verdicts, if got under the guise of self-interest and safety first, will not. Mistaken judgements and misinterpretations of evidence by our Front Bench, which has so authoritatively and acceptably contributed for over two centuries to the Common Law of Nations, may cause a melancholy miscarriage of justice and a distrust of our Justiciary. But this does not undermine and overthrow our whole system of Law and Order; as does a conviction of our Justices of the Peace for chicanery.

#### ORIGIN OF INTERNATIONAL LAW

International Law was no doubt effete, and the League Order embryonic. But it was not their deficiencies that led to their being now defunct. It was their desertion by the democracies, their natural protectors and unnatural parents. International Law was, no doubt, undemocratic in its origin; for the objective of Democracy is peace and progress. Whereas International Law has never had any sanctions, other than reprisals which mean militarism, or any other system than the Balance of Power which means immobility. But Democracy had overlaid reprisals with a superficial but fairly substantial crust of legalized principles and legalist procedure; and it had so underpinned the see-saw of the Balance of Power as to make it serve as a Seat of Justice. First the Concert of Europe, and finally the League of Nations, supplied a sort of Sanhedrin, not without solidarity. The League sanction and system was certainly only a very indirect and inadequate representation of the Democracies through Governments whose policy was always diplomatic and often undemocratic. Yet all the same, the League was originally democratic in its origin and objective, whatever it became later in organization and operation.

International Law, it used to be said, was neither international nor law. Meaning thereby that it was established by no international system and enforced by no intrinsic sanction. But, all the same, International Law was, and much of it still

is, a Common Law of Nations, compounded of moral principles and mutual procedures, of juristic pronouncements and judicial precedents, of contracts, conventions, customs, and comities. Though few of these had been formally formulated by an International Forum, the best of them had obtained an official observance that had in time been invested with a moral obligation. Though there was no system for enforcing such obligations by international police, their observation had secured a sort of sanction from national policy. Thus, the Laws of War had a direct sanction from reprisals. The Laws of Peace had the indirect sanction that, as they were for the common convenience, a unilateral repudiation of one of them, which might seem remunerative one day, might be unilaterally repented at a future date.

International Law had, moreover, firm foundations in folk law. The Laws at sea were a 'Common Law' of rules and regulations that reconciled the rights of maritime commerce with the requirements of belligerency in regard to blockade, embargoes, &c. Such maritime Law was a product mainly of the national policies of the more democratic maritime nations; like the Catalans, Dutch, British, and Americans. For these were normally neutrals; but, when belligerents, they had to enforce naval power to the limit so as to make it counterbalance military power. The results were consequently reasonably humane; also remarkably honest as between neutrals and belligerents. Similarly, the Laws of War on land were mainly humanitarian in purpose, and a result of the reaction against the 'Thirty Years' War—a war of religion which was totalitarian in its terrors.

Indeed Europe realized that warfare as wicked and wasteful as these 'Wars of Religion' would destroy the civilization and commonwealth of Europe, a Law and Order based on the Holy Catholic Church and the Holy Roman Empire. A similar danger had been averted when the 'Völkerwanderung' destroyed the Roman Empire, and when the Church rebuilt it. But, by the seventeenth century, the Reformation and the Renaissance had transferred the responsibility for reconstruction from the Church to the Chancery. Accordingly, our ancestors

averted their danger by setting up a régime of International Law to reinforce and eventually replace the Papal and Imperial rule. It now remains to be seen whether, in this century, Church and State will succumb to new 'Wars of Religion' between the Capitalist and Communist systems; or whether we shall succeed in making a new Social Order out of new laws of ethics and economics.

#### NON-BELLIGERENCY AND NEUTRALITY

When the truculencies of pugnacious dictatorships and the trickeries of pusillanimous democracies reduced International Law and the League of Nations to a mummery, and international relations to a *melée*, there was unfortunately no non-European or neutral authority to read the Riot Act as Justice of the Peace. The United States and the Union of Soviets sought their own security in a geographical and geomantic isolation. But the security sought by them and by lesser nations in an anxious assertion of neutrality was of no avail. The elaborate laws of neutrality, which had had the effect both of limiting and lengthening a war, had long been breaking down, and were at last breaking up—either through the transactions of neutrals, intimidated by the menace of air warfare, or through the transgressions of belligerents, intent on extending and ending a fight to a finish. In consequence the legal status of neutrality had no longer any actuality or authority. Neutral countries had become communities that considered themselves unconcerned in the political consequences of the war, and concerned only in profitable contributions to it. Such neutrals still claimed that a belligerent should respect the law if they themselves respected it in regard to that belligerent. They maintained the claim, even though the other belligerent was not respecting it and was with menaces making them disregard it in its own favour. Such was the situation that prevailed during the first six months of this war; before it was simplified by the abolition of European neutrality through German violations, and the alienation of American neutrality through German violence. Even before then, it had



become evident that the Law of Neutrality no longer afforded any legal security to the law-abiding neutral or any equitable liberty to the law-abiding belligerent. The belligerent found his warfare unfairly prejudiced and prolonged, while the neutral followed fearfully a precarious line of least resistance. The status of a neutral Government had become that of an attorney with a watching brief; highly remunerated but liable at any moment to find himself in the dock.

#### AMERICAN NEUTRALITY

Neutrals under pressure prefer nowadays to call themselves non-belligerent. Non-belligerency and non-intervention may be classed as terms which are new to, and negations of, International Law. Non-intervention meant that invading armies and air forces of members of the League could attack a Democracy without a breach of the European Peace or of International Law; while Non-belligerency means that a Dictatorship declaims and discriminates against a belligerent that is no menace, while it favours and flatters one that is; without thereby committing any breach of international comities or conventions. Neutrality is now conditioned not so much by jurisprudence as by geographical prudence. It is a matter of panic-stricken appeasement when within bombing range, and of passionate abstention when outside it. An effete accident like the Atlantic, and an ephemeral incident like the Presidential Election, can deprive International Law of its sanction in the support of the most powerful and pacific neutral—the United States. While a no less ephemeral incident, like the effective fight that the second most powerful and pacific promoter of International Law—the United Kingdom—is making in the name of the Law, has brought the United States from an intimidated isolation to a benevolent non-belligerency. Washington, possibly more from internal than from international considerations, has been careful to keep well within the letter of the law of neutrality; even though the ‘Lease and Lend Act’ puts American arms, armament, and ammunition production more generally, and much more

generously, at the disposal of Great Britain than when British and Americans were comrades in arms in the last war. Moreover proceedings, very propitious to the belligerent and very profitable to the neutral, such as trading to British ports with American ships, though permissible in International Law, are prohibited by American legislation, so as to remove all risks of incidents that might incite to war. American popular opinion is pro-British and anti-Nazi; but is not yet prepared to accept an alliance with us, either in punitive resistance or in post-war reconstruction. Nothing would do more to promote such acceptance than our proclamation of our adhesion to European Federation; nothing would do more to postpone it than our pressure for an Anglo-American Federation. It is probably not a mere curious coincidence that the 'Lend and Lease Act' is numbered 1776, the date of the Declaration of Independence. In any case it may serve to remind us that, just as we then employed German mercenaries against Americans defending their liberties from us, so now Americans are defending their liberties from Germans by employing us as mercenaries. How very prettily appropriate are the judgments of Providence.

Non-belligerency is really nothing more than a sonorous synonym for the necessity that knows no law; when a pusillanimous isolation is exposed to a pugnacious invasion. From such exposure there is now no geographical escape. There was a time when geographical isolation behind the Channel was possible for the United Kingdom, and the time has now come when geographical isolation behind the Atlantic is no longer possible for the United States. With all due respect to the precepts of the first President and the pronouncements of subsequent generations of professors, and with no respect at all for the periodical isolationist panics, I venture to assert that, though isolation was a predilection of American public opinion, it never really was a principle of American public policy. Even the Monroe doctrine, intended as an isolationist precaution, has been turned into a pretext for intervention. For example, the first demand of American diplomacy was for Freedom of the Seas from British command of them; and this

too, despite the fact that the first defence of American democracy is, and has always been, the British command of the sea. America was also, as a rule, content to entrust the peace of the seas to a British Sea Police.<sup>1</sup> Not always, however, for within a few years of its foundation, the United States gave a lead to England and Europe by sending a fleet to put an end to the scandal of a Mediterranean piracy that exploited the rivalries of European maritime mercantilisms.<sup>2</sup> A few years ago, under the influence of British diplomacy, it missed another such opportunity when the Mediterranean was again infested by the 'Unknown Pirates' of 'Non-intervention' that were exploiting the rivalries of capitalism and communism. Happily it has now realized its responsibility for contributing to a Sea Police that will ensure the Freedom of the Seas and re-establish Command of the Seas by International Maritime Law. Let us, however, not be misled thereby into thinking that the American people will join in policing the European continent. As soon as the menace to their security on the sea and to their approaches by air is removed, they will again retire behind them. They will not go into any permanent partnership with us; nor will they even participate in the pacification of Europe by pacific pressure, unless our plans for peace prove that we, as a country and a Commonwealth, have no axe to grind but only a good grave for the many axes we all of us have to bury. So far as Americans are concerned we can do no more than candidly confess any culpability we may have for letting loose brute force on the world and promptly proclaim

<sup>1</sup> Don't be alarmed. Americans are now grown up enough to say they like being told the truth about themselves—and they even say it with dollars. For example, not long ago I spent three years telling Americans what I thought of them; for which I earned between two and three thousand a year and was entertained by them as a family friend. One of the exordiums they most enjoyed was the historic evidence that, while we had never drawn them into war, they had three times driven us into war with them, and had three times drawn us into war in Europe.

<sup>2</sup> I am daily reminded of this first intervention of the American Fleet in defence of International Law by the decanters which Commander Preble had with him in the U.S. *Constitution* when he bombarded Tripoli and when my great-grandfather in H.M.S. *Queen Charlotte* bombarded Algiers. In the first year of the last war I used to drink from these decanters a toast to the confusion of all Prussian pirates and of all Pontius Pilates, for which, in the following three years, I substituted a toast to the Anglo-American Police of the High Seas. I now drink to the American Atlantic Patrol.

any plans we may have for again putting it behind the bars of Law. We must convince them that we are prepared to do this single-handed, under Providence, only praying—

Oh Lawdy, if you cain't help me,  
Don't, anyways, help that b'ar.

#### NEW FORMS OF WAR

Having dealt with the deviations from and decadence of the old forms of Law, we have now to do with the developments of and deductions from the new forms of War. We have to realize what it means that War has become 'three dimensional', instead of on one plane; the new third dimension—up in the air and under the sea—being the more important. It is also now 'total'; being a free fight for all between motorized mechanics instead of a gentlemanly game between cavalry colonels. It is also 'mechanized', being fought with machines instead of with men. Moreover, total or mechanized war is won or lost by a wealth or by a wastage of men and munitions, not only in the front line but also in the factories and fields of the Labour front. The Big Battalions and Big Battles are passing out of the picture; and the battleship that was once a battering-ram is now almost as immobile and as immobilizing as any concrete bastille of a Maginot Line. Cruisers and destroyers still have a function as a defensive convoy and offensive cordon. But, if this war lasts long enough or we live long enough to see another, we may find that they, too, are defunct; and that commerce has to be carried on in suitable submersibles through otherwise insuperable submarine and airplane blockades. The result of this has been to deprive most of the Laws of War at Sea and on Land of their applicability and authority. Airplane and submarine warfare is regulated only by the power of reprisal. In the case of Spain there was no such power of reprisal, owing to 'Non-intervention'. In our case, there is: and it saved London from civilian and casual bombing for nearly a year, until, the Blitzkrieg being checked at the Channel, the German General Staff was forced by Hitlerism to take to baby-bombing for political reasons.

War will be won by clever employment of wealth and careful elimination of waste. Also by the education of a new professional class, skilled in a war-making that includes the whole social system. War may now be lost by the officers and officials of a nation having, by tradition and training, become so accustomed to theorizing on war in two dimensions that they can not, or will not, think about it in three. I remember once asking Einstein what would happen when any body of men had learnt to use their minds, as he did, in terms of Time-Space. 'Given time and space', said he, 'they will be a ruling class of scientists and psychologists.' 'And what then?' I asked. 'Given time and space', said he, 'they will educate the world to think in Time-Space. But it is more likely that they will be eliminated by those who prefer to go on thinking in terms of time and space.'<sup>1</sup> The recent elimination of European scientists like Einstein, of soldiers like Schleicher, and of civilians like Otto Strasser, by those who prefer to think in terms of 'Five-Year Plans' and 'Lebensraum', suggest that elimination may long be preferred to education.

#### SCIENCE AND WAR

Science is often incriminated for converting war, once a gentlemanly game, into a murderous muddle in which both science and civilization may perish from the earth. But scientifically mechanized and mobilized war means a minimum of unscientific wastage. The reluctance to incur ruinous reprisals that resulted in a 'Sitz-Krieg' during the first six months of this war, and the reluctance to accumulate ruinous indebtedness at four times the rate of the last war that resulted in a 'Blitz-Krieg' during the next six months, both suggest that science may some day end war by making it intolerably expensive. Moreover, the perversion of science from promoting the welfare of humanity to promoting the inhumanity

<sup>1</sup> An earlier philosopher, who came to the same conclusion was Plato, who thus describes the average attitude towards the evangelist of a New Order: 'As for this busybody who preaches all this earthly enlightenment and elevation to higher spheres we shall, as soon as possible, kill him' (*Republic*, 514-21.)

of war is only an infancy of the scientific age, in which children are playing with a new form of fire of which they have learnt the ugly power, though not the proper use. We are burnt children; and it was the fear of bombing by airplane and of blockade by submarine that postponed war for years. It would have prevented war altogether, had not a constant cry of 'fire! fire!' been intolerably exploited by gangsters. Even after war was proclaimed, 'total war' by air bombing was postponed for a year in the only case, ours, in which reprisals were a real menace. And it is of immense importance that the twelve months during which total air war was waged on us have been enough to show that a national defence cannot be defeated; nor a national independence destroyed, by tactics so unscientific as civilian bombing—providing moral and military strength can stand the strain. Air warfare, formerly regarded as an offensive to which there was no defensive, now appears as a defensive arm that can deprive offensive aggression not only of its conquests but of its coercions. It already seems certain that, in fully mechanized scientific warfare, man-power, mobilized *en masse*, will no longer be dispatched to mass destruction by mechanized armies and air forces. It will be employed in the mass production of airplanes and submarines that, under skilled direction, will destroy one another so surely and scientifically that war will not be worth while. Because the community with the most science and resources must win; and that community, being the most prosperous, will be the most pacific. There will be a new chivalry of the armed raider on the armoured machine; and the federal redistribution of political power that we are now planning will be made, and maintained, by a new militant feudalism.<sup>1</sup> Meantime racial and religious wars will be excluded by a federal fusion, in which princes and prelates will be replaced by presidents and professors. Science is not mocked; but moves in a mysterious way its wonders to perform.

<sup>1</sup> See *The Army of the Future*, by General de Gaulle, a remarkable anticipation of actualities in this war. Consider also the pronouncement of Mr. Churchill that we only ask America for armaments, not for armies; although our mobilizable man-power is only half that of Germany and about a quarter of the man-power controlled by Germany.

The new brooms of scientific war have already effected a wholesome spring cleaning in the lumber rooms of the War Offices and Law Libraries; without regard to the material discomfort and mental discomfiture of elderly professional warriors and well-known professors emeritus. War at sea is being waged with cruel contempt for the rules of Blockade and rights of Neutrals. Nor can it well be otherwise seeing that all seas are blockaded all over and there are no neutrals. But, while the total war of the enemy is quite reckless and ruthless, ours still shows some reasonable consideration for the rights of others and our responsibility to humanity. Partly because we are not yet revolutionary and therefore hold that bad laws are better than none; while Germans, being revolutionary, hold that to get better laws you must abolish the bad. Partly because we have a tradition and training in working as a ship's company, while the Germans have a military tradition and are trained to work as a corporal's squad. For the trouble with the Prussians is that they have never emerged from the tradition and training imposed on them as a Slav tribe employed by the Empire to dominate the uncivilized and unchristianized Slavs. While the trouble with the Germans is that, as the Prussians very soon dominated them, they have no tradition and training as a ruling class. From that education they must no longer be excluded. We must enlist their co-operation in organizing and operating a new international authority and administration. The education they will thereby receive will be a better insurance for us against their re-subjection by Prussianism or by Gangsterism than another sentence of outlawry; which would indeed almost certainly ensure it.

#### NEW FORMS OF LAW

The new problems of sea power in three dimensions—surface, submarine, and substratosphere—require not only new principles and procedures for the re-establishment of Law and Order but a new Sea and Air Police. The Police of the Seas, hitherto provided by the British Navy with all its auxiliary services for the security of shipping, will devolve upon an

international authority and administration. Maritime International Law, based mainly on British and American jurisprudence, and Military International Law, directed mainly to the restriction and regulation of war, will have to be completely revised in order to bring new forms of total war into some relationship with Civilization and Christianity. In this respect total war may well result in something more than an unreliable renunciation of the more ruthless and ruinous forms of war. The result may be in time a real renunciation of war as an instrument of foreign policy; a renunciation that would not be a gesture and an unnatural abortion but a normal birth after gestation. Nor is the hour of birth so far off as might be supposed by those disappointed with Messrs. MacDonald, Briand, Kellogg, and other Herald Angels of Peace on Earth to men of goodwill.

Real renunciation of war may come quite otherwise, and through men of very ill will creating a new mode of warfare. The new methods of war are characterized by their reckless repudiation of all Law and by their irresponsible ruin of all Order. The new mode of warfare is already characterized by ruthless regimentation of the belligerent social systems under Martial Law and Military Orders. In future that belligerent will win which best exploits wealth and eliminates waste, without regard for any previous rights in Law or régimes of Order, whether its own or any other. For this purpose, the organized vested interests both of property and of the proletariat have to be overridden and eventually rooted out. Now, such a revolution will require a new system of Law and Order of great strength and stability. Already the Dictatorship States have had to seek that strength and stability in ruthless power-politics abroad and police at home. The pressure on their own population, still less their pressure on other peoples, cannot be permanently kept up; yet, once that pressure drops, they lose the driving-power required for their 'New Order'. If, at the same time, the democracies offer their voluntary Federalism and Freedom together with their system of Law and Order by consent and co-operation, we might recover our influence over European public opinion, supposing military



results retrieved our moral record. Already the world realizes that, though John Bull lost his train in Norway, his transport in Belgium, his trump card in Spain, and his trousers in China, he never lost his trustworthiness; that St. George might have been a fraudulent Army contractor according to history, but that after all he got his dragon; that British Elder Statesmen might not have been on the side of the angels in fights between Christian democracies and Apollyonic dictatorships; but that the young 'Angli' were the archangels who had hurled Satan from Heaven.

#### NEW FUNCTION OF LIBERALISM

Even so, we shall have to avoid Constitution-mongering. We cannot even hope to continue importing our ideas into, and imposing our institutions on, Europe as we did in the last century. We must base ourselves on the firm footing of such Law as is left and build a new Order on the foundations of the old. Because there may be, for the moment, a vacuum in European libraries for new volumes of International Law, we must not see ourselves as a Moses descending from Sinai with a Decalogue under our arm and a Dictatorship under our hat. Because the elimination of Hitler's Europe will leave a fine empty site for a new European Government Building, we must not consider that the Houses of Parliament or St. Paul's Cathedral must be the prescribed model. We may make use of new methods of building and new building materials; but only in conformity with the traditions of European civilization and the truths of Christianity. Nor should we exclude new styles of State structure because we dislike them as new departures in democracy. The new Order must be democratic in principle and liberal in spirit so as to allow the free development of different institutions and ideologies. Liberal parties may to-day be defunct; but there never has been a more important function than there is to-day for Liberal philosophy. Though Liberalism rose to power on the back first of Nationalism then of Socialism, its function will now become one of driving these two draught horses in double harness along a straight furrow of Federalism.

## PRINCIPLES OF NEW EUROPE

The Constitution of the New Europe must therefore keep the balance between Conservative and Communist ideologies and institutions that is essential to the development of Democracy; a balance that now, fortunately and fortuitously, exists in the proposed European economy as between Capitalism and Communism. The Constitution must not only regulate recourse to war by both ancient and modern methods; it must eradicate the economic and ethnic cause of war. The system and sanction of the new Law and Order must be distributed between the different governmental organs of the general European organism. The Provincial, National, and League organs must be cross-tied to the corresponding organs of a federalized, federated, and confederated European Union; each with its own judiciary, judicature, and jurisprudence. We should no longer submit to a situation in which one citizen, even though he be a deified demagogue, can pre-empt power to defy the Law and destroy the Order whose power he has usurped and abused. Owing to such usurpations and abuses Law and Order has become a Bastille. War is now clearing the site on which we may rebuild it as a Basilica.

## A DEMOCRATIC DICTATORSHIP

Moreover, we must realize that our warfare will not be accomplished with the defeat of the foreign Dictatorships. On the contrary, we shall then have to begin a campaign for peace by reconstruction; in which campaign our own democratic institutions will be exploited against us far more seditiously and successfully than they have been by foreign Fascism and Nazi-ism. If we are to win this war against war, we shall have to extend and strengthen all the commands and controls we have organized to defeat the foreign foe. For example, departmental dictatorships for national resistance will have to be continued for national and international reconstruction if we are to escape the establishment of revolutionary or reactionary dictatorships. Whether or not we win that war will depend on

leadership—governmental leadership from the Front Bench and group leadership from the front trenches. Let us hope that, by then, the never-ending game of Musical Chairs on the Front Bench will have left the liveliest of our Elder Statesmen in a position of sole authority—as an authoritative but not autocratic Dictator. He might well have a ‘Doctor’s Mandate’, such as was given to Mr. MacDonald as Premier in 1931 or to Mr. Roosevelt as President in 1932. Dictatorship *ad hoc* and *pro. tem.* is not, let me repeat, undemocratic; but a device for saving democracy from decadence and dissolution. Cromwell was such a dictator—Churchill may be another.<sup>1</sup> We have to-day rulers who might well ‘ascend to Heaven’ or the House of Lords and rebels who might well be sent to ‘Hell or Connaught’.

#### RULING-CLASS REFORM, LAST WAR

One of the differences between our Constitution and its continental imitations that accounts for its surviving when they succumb is that, with us, whenever a new class demands its democratic right of representation in the old ruling class, members of the old class put themselves at the head of the movement. Thereby the *ancien régime* is constitutionally con-

<sup>1</sup> I say ‘may be’ because, although he has come to command us compellingly both in words and works in our war-making, he has not yet found his voice or his vocation in our peace-making. Thus, speaking recently (27 March 1941) to the Trades Union Council as a member of the Builders’ Union, he said there was ‘an electric atmosphere in the world which may render possible an advance towards a greater and broader social unity and justice than could otherwise have been achieved in peace-time in a score of years. We are not theorists or doctrinaires; Trade Unionists are practical men aiming at practical results. I might say that our aim will be to build a society where there will be wealth and culture, but where wealth shall not prey on common-wealth nor culture degenerate into class and pride.’

Whereas on the same day, speaking to the Conservative Association as their leader, he said: ‘I know it is provoking when speeches are made which seem to suggest that the whole structure of our decent British life and society, which we have built up so slowly and patiently across the centuries, will be swept away for some new order or other, the details of which are largely unannounced.’

Of course there is nothing irreconcilable in these two voices in respect of reconstruction, national and international. But we shall await impatiently the day when the spokesman of our New Order and National Government, whose adolescent authority in peace matters still has a voice wavering between a progressive squeak and a conservative growl, will find those full and forceful tones of command that inspire our war-making.

verted into a new ruling class, and a French revolution into a British reconstruction. But the drawback to-day is that the new ruling class, resulting from the 'educational ladder', still functions through old channels—the Cabinet and the Court, the Civil Service and the City, the Clubs and Country Houses, the propertied cliques and professional circles, rather than through more progressive and proletarian collectivities. Nor can you enable a new ruling class to function democratically, or democratize functioning of the old ruling class, just by putting a percentage of Labour Leaders into the Cabinet, or Trades Union organizers into Parliament, or elementary schoolboys into the Civil Service, or coloured men into the Colonial Governments, or women into the War Office. That will probably only demoralize the individuals and damage the institution. What should be done is to put the new wine into new bottles; to put the new blood and new brains into new bodies of the new Ruling Class, operating new Institutions of the New Order. This was very tentatively attempted by Mr. Lloyd George and his 'kindergarten' on behalf of Liberalism in the crisis after the last war, but on lines that led to his fall and its failure. It was again attempted by Mr. Chamberlain in the crisis before this war on lines that nearly led to our finish before they led to his fall. It was not attempted at all by Mr. MacDonald, who had asked for and had been accorded a doctor's mandate by a General Election on the financial crisis. The National Government in consequence never did anything more than desert the Gold Standard it had dissolved to defend. It was achieved in some measure by President Roosevelt, and in that measure his 'New Deal' was a success. It is also being achieved by Mr. Churchill through a British adaptation of the President's 'Brain Trust' and of the German 'Fuhrer Prinzip'. Thereby proposals or problems on points of policy are sifted by a Secretarial Staff; those selected are sent up to be studied by a Scientific Staff; this submits its suggestions or solutions to the Premier, whose decisions, drafted in very succinct and simple 'directives', are then sent to the authorities concerned for administrative application, in which they will have to deal themselves with any difficulties

without further discussion. This is the right way for planning and winning the war, as it would be for planning and winning the peace. National resistance and international reconstruction cannot be adequately dealt with by departmental routine and party rivalry.

The failure to realize reconstruction after the last war was owing to want of a leader and lieutenants recruited from the ruling class and capable of converting war socialism into social peace. A failure that was as much due to the Labour Party not supporting these recruits as to the other parties not supplying them in the quantity and quality required. Moreover, the gulf fixed by property and party between Liberalism and Labour was too great for the formation of a Liberal-Labour Centre Party. Wherefore the risk of revolution was met by the Conservatives with an insurance policy. The best of those who might have made England a land for heroes to live in were given business jobs that put them safely under the boss; the rest got war bonuses that made them, very provisionally, bosses themselves. The provident thereupon started one-man businesses; the improvident, wiser in their generation, stood each other double whiskies. By the time the provident came out of the Bankruptcy Court and the improvident came out of the Black and Tans and the insurance premiums came safely back into the Banks, the risk of any reconstruction was conjured and the restoration of the Bourbons complete.<sup>1</sup>

#### RULING-CLASS REFORM, THIS WAR

There are, however, several reasons why such conservative insurance against socialist revolution will not again prevent

<sup>1</sup> The German 'front fighters' were even worse off. They had no back pay or bonus to spend, so they were revolutionary. But, as their officers were all reactionary, this renascent Social Democracy was left leaderless on demobilization. Travelling, in early 1919, with train loads of these troops returning from the front to Berlin, a journey of several days, we passed the time in political discussion. Nearing Berlin a delegation addressed me to this effect: 'You were a British officer. We German "front fighters" are going to Berlin to get what you say you British have been fighting for. If you will become our leader, the Prussians will see that they can't do the dirty on us and the British will see that we are doing our duty.'

social reconstruction. One reason is that the leaders of the younger generation will not be so effectively eliminated in this war. Because active service no longer calls for a competition in self-sacrifice that acts selectively on these elements for the casualty lists; but has become a systematized conscription well adapted to select them for command. Another reason is, that even if the war should relapse into the 'attrition' by mass-murder that characterized the moral and mental bankruptcy of the commands on both sides in the last war, the military machine is no longer so dominant over militant man-power as to be able to throw away, by the thousand, lives on which depend the future of Christianity and the fate of civilization. The practical mind of the soldier, sailor, or civilian can now, as General Wavell and Admiral Cunningham have shown, overcome the professional mentality of the Cavalry General, the Battleship Admiral, and the Company Sergeant-major.<sup>1</sup> While in the Air Force the machine is, happily for us, still immature.

#### THE NEW CHIVALRY

The restoration of the balance of power between man and his machine, owing to warfare being now in three dimensions instead of two, is a matter of prime importance for reconstruction. Because the motive for reconstruction comes from the menace for revolution, and that menace had apparently been almost removed by the predominance of machine-power over

<sup>1</sup> Early in 1918, bored with breaking enemy codes and keys, a process which had by then become mechanized, I volunteered in the ranks and was in due course commissioned in a regiment that prided itself on drilling better than the Guards. Using my decoding experience, I sought a 'law' that would systematize the apparently senseless series of commands by which a squad had to be marched across the barrack square to a given point and faced in a given direction; instead of simply marching them there and then facing them, as you would of course do at the front. I found that the series of orders made a circle and only varied as to the point on the circle from which you started and at which you stopped. Memorizing the circle as a mind-picture was then simple; and a whole batch of officers who had been suffering under the Sergeant-major's sarcasms suddenly became order perfect to his surprise and chagrin. The dodge was given away by one who couldn't remember it and had to read it off his cuff. As I had already offended by training my gun-crew, middle-aged men like myself, as though I were coach of a team and not a warder of a chain gang, I was given my marching orders for France; whereupon the Germans surrendered.

man-power. A presumption of that predominance largely accounted for the supremacy of the German Juggernaut and the surrender of free peoples at the first shock of its mechanized impact. A proof of that predominance had been apparently provided in the suppression of Spanish fighting men by foreign fighting machines. If we British are partly to blame for providing that proof, we can now claim to have disproved it in the prowess of our own fighting men against a foreign fighting machine. For, when the 'Day' came that Herr Hitler had decreed for the Battle of Britain, the menace of Prussian mechanized militancy and German militarized mass-mentality was not only defied but defeated. The second and third lines of our defence—the big battleships and the big battalions—were ready but were never reached. The enemy transports embarked their troops and entrained from all the continental Channel ports, but never unmoored. The Luftwaffe came over by hundreds in wedge formations of bombers, with fighters in tiers above or milling round in circles on either flank, but nearly two hundred never returned. For in squadrons, the Paladins of the Air Force swooped on these ponderous Prussian phalanxes, swirled them out of their formations, swatted them down like flies from the ceiling and swept them in flight across the Channel.<sup>1</sup> They then so plastered the invasion ports with bombs that, after losing 30,000 men and many ships, the transports were withdrawn and the troops dispatched to easier enterprises. 'They fight like sportsmen, disregarding all rules of tactics,' complained a German air

<sup>1</sup> The 'Battle of Britain' in the 1940 'Blitzkrieg' consisted of two phases a month apart. Each lasted ten days (8 to 18 August and 5 to 15 September) and each ended with a day in which the Germans lost about 200 planes. The first, the Germans fought at about 12,000 feet, employing bombers and fighters in frontal fights, losing six planes to every one British; the second, at about 18,000 feet in flanking fights, employing only first-class fighter-bombers and losing only four to every one of ours. As about half the Germans' losses were bombers, with crews of four, and the British losses were all fighters with one gunner-pilot; as half the British gunner-pilots were saved and as the German losses only take account of planes down in England, the respective reduction of strength was, in the first ten days' battle, about 25 to 1. It is that August battle that was the 'Battle of Britain', the succeeding phases only confirming the results then reached. Thereafter, the Germans abandoned the 'Blitzkrieg' and took to raiding, mostly at night with bombers at 20,000 to 30,000 feet, thereby reducing their loss to about 2 to 1.

officer in the official bulletin (11 October 1940). Fighting man-power in its highest expression had suddenly and sensationally asserted itself against the most formidable machine-power engaged in its lowest excesses. The new chivalry of the air is certainly entitled to consider, as I gather it does, that its warfare will not be accomplished until it has rebuilt Jerusalem.<sup>1</sup>

With a host of furious fancies  
Of which I am Commander,  
With a spear of fire and horse of air  
To the wilderness I wander.

The Knight of ghosts and shadows  
I challenge to a tourney  
Ten thousand leagues beyond the world  
Methinks it is no journey.

The revolt of man against the machine is general and of long growth. Now that it has found expression and execution in a new form of warfare we may expect some results in revolution, unless they are anticipated by reconstruction. It is long since the poet appealed against the assumption that:

Earth moves by chemic forces, Heaven's a *mécanique celeste*  
And heart and mind of human kind are clock-work like the rest.

It is not long since we have been appalled to find that the clock was not being rewound and regulated by the responsible ruling class, and that the works could be put out of order by any fool or knave who pushed back the hands or put them forward. There is now a general revulsion against machine politics and products; against popular mentality and morality; against materialist philosophy and mechanical pedagogy. There will some day be revolts by Germans against mass-produced immorality and militarist megalomania; by French

<sup>1</sup> During the German Revolution I got the use of a bombing plane and pilot which, a few weeks before, had been bombing London. The pilot apologetically explained that it was not me and my family he had been after but he did want to get one of the 'Lords' who made airmen do such dirty work. 'Down in Macedonia, away from the Lord General and the Herr Baron, we airmen could duel like gentlemen and drop wreaths on each other's graves.' He then asked whether Lloyd George would make an International Air Force he could join; and, on my doubting it, said no doubt the airmen would have to do it themselves.



against cowardly plutocracy and corrupt politicians; by the British against money-power and party-machines that have twice in one generation led us to war and the workhouse in the name of peace and progress. The French and German revolutions are inevitable and probably indispensable. But the British revolution can still be resolved into a reconstruction. And if the above diagnosis is correct, such reconstruction must provide for a reform in election to—and education of—our Ruling Class.

#### THE NEW SCHOOL TIE

The Chinese method of recruiting a ruling class by running candidates up the educational ladder and through the gauntlet of examination naturally produces Mandarins. We have made experiments in other methods when men rather than Mandarins were required, as in the Navy, the Sudan Civil Service, &c. But there has been no serious attempt to reconsider, still less to reconstruct, the qualifications and to raise the quality for general purposes. In Germany, during the spiritual renaissance that followed the republican revolution, interesting educational experiments were made for enlisting and educating a new German ruling class with a better tradition and training than those of the Prussian officer and official.<sup>1</sup> So successful were some of these that the Prussian ruling class, in spite of its medieval tradition as to an officer caste with cannon-fodder troops, and its modern training in mechanized mass-movement, began to experiment with substituting individual morale for institutional mentality. The new basis, both of the army and the administration, was to be the group and its responsible group leader; the leader was to be given an education that would develop the qualities of leadership that he exhibited. It was a system that, in the form of the Communist 'Cell', had established the Soviet system and that explains the surprising

<sup>1</sup> These experiments were purely German, and distinct from attempts to imitate foreign ruling-class education. Thus, in the winter of 1918-19 I found the foreign affairs of the German Republic being conducted by young German Rhodes scholars in various departments who met every day in a lunch club where English was spoken. This interesting institution, that might have served to tide the Reich over from revolution to reconstruction, was abandoned, like many other initiatives, after Versailles.

success of the National-Socialist Party. It was even making itself acceptable in the German Army; but it did not long survive the general 'Gleich-schaltung' required by Hitlerism. So that to-day, even the Luftwaffe exhibits the mechanical manœuvres and the mechanized morale that Hitlerism has again imposed on the Prussian ruling class and the German people.

We, however, with our happy faculty for adapting, in practice, procedures which we are fighting in principle, have meantime been making some progress with experiments in the education of leadership on the lines of the German renaissance. Thus, the War Office have very enterprisingly embarked on experiments in leadership education for the training of raiding and scouting parties, shock troops, and Home Guards. They even tolerated as teachers the veterans of the Spanish Civil War, like Major Wintringham and Mr. Slater, who had had practical experience in training man-power to fight machine-power. As a consequence these experiments have emboldened civil educationalists to press for an extension of the system, through the 'County Badge' scheme and 'Physical Fitness' campaign, so as to fill, physically and psychologically, the 14-18 'gap' in our educational system. Aided by the requirements of the war, this new educational theory seems likely to establish and extend itself. By the end of the war, democracy may have such leadership as will not only prevent a reaction by the Bourbons of Big Business and the Back Benches, but will provide a General Staff and regimental officers for the reconstruction capable of preventing revolution.

Apart from the army, the main obstacle to rallying a reconstructionist movement, after the last war, was that public opinion was morally reactionary. The sentiment of the survivors from that slaughter, in which the most valiant had been massacred or maimed, was a nostalgic yearning for the comforts of peace, and for all the conditions associated with peace at our parting from it in 1914. Thereafter, 1914 became a Golden Age which our rulers had recklessly exchanged for an Iron Age, from which the less reckless of us had miraculously emerged. Wherefore, 'back to 1914' was the cry. It was all

very well being victors, but being Victorians had been ever so much better. Now, after this war there can be no such reaction. For where is the Haven of Peace to which the war-weary can retrace their course? The proclamation of war came as a positive relief, so intolerable had been the political lawlessnesses and economic disorders. The proclamation of a peace like that preceding the war, offers no relief. To what Golden Age, when every one had golden sovereigns in his pocket or Gold Bonds in his portfolio, can this generation look back? To the expedient of a 'National' Government that saved us by getting elected to go on with the Gold Standard, and then saved us by electing to go off it? To 1930, when everything was being solved by disarmament and balancing the budget; or to 1937, when everything was being salved by rearmament and financing a deficit? To the Free Trade of 1914 and another jolly term in the Manchester School, or to the Protective Tariffs of 1938 and another jovial turn of the Brummagem screw? No—only Old School Ties in their second childhood could sigh for another sojourn in Dr. Blimber's Academy or Dotheboys Hall.

Until the revolutions of the last war, there was a sort of European ruling class, composed of Royal Families, feudal and financial Aristocracies, ecclesiastical Hierarchies and eclectic Bureaucracies, who formed a cosmopolitan coalition that was prepared to balance the claims of its class against the cause of its country. Its influence did not make for progress but did maintain a sort of peace. But one result of recent revolutions has been that the controlling interest of hereditary privilege has been suppressed or superseded, and the common interests of property alone remain to counteract nationalist arrogance and aggression. Nor could any worse educational qualification for a ruling class well be found than eminence in money-making.

If, however, education for leadership, instead of the examinational ladder, is made the entry to public employment in Great Britain and Germany and this is imitated by the rest of Europe, we may hope to have a well-recruited and regulated ruling class to run the Federal régime. For the State schools

would educate group leaders, not in the old competitive insular tradition, but in a new co-operative international tradition and with a training suitable for the Federal public services, political, economic, scientific, financial, industrial, and so on. They would educate the rank and file in the tradition of their regional, religious and racial culture and civilization, and in a training for their future function in a European social system. While the Federal Board of Education would develop the present imperfect experiments in co-ordination and co-operation between European educational enterprises into a European educational system which would have a conscious corporative sentiment and a conscientious civic sense.<sup>1</sup> This integration of European educational institutions, carried out with the co-operation of the educational authorities in the German States, would transfer to European enlightenment and enterprise the docility and industry of the next generation of German youth. It would give Europe the benefit of English belief in blood and backbone and England the benefit of European belief in brains. For some years Federal authority might have to supervise school histories, &c., and secure a restoration of the universality and autonomy of which many universities have been wholly deprived, and which none have fully developed. But, on the whole, it could safely be left to the States to give a European education from which we should get an educated European. Federalism in this field means freedom.

This war is also more favourable than the last to individual development and distinction. The heroisms of the last war were mainly collective—companies of soldiers who faced intolerable hardship in the trenches, and ships' companies who faced a terrible death as though it were a routine duty. In this war every week brings its cases of individual heroism by civilians as well as soldiers. Now youth is serving in every capacity and later it will be served to the limit of its capacity. After the last war, even the Foreign Office appointed candidates to the ruling class on their war record and not by

<sup>1</sup> For a development of this idea see Dr. Channing Pearce, *Chiron or The Education of a Citizen of the World*, Kegan Paul, 1931.

examination results. After this war, we may hope that a Governmental leader, representative of the old ruling class like Mr. Churchill, with group leaders representative of the new ruling class like our Chivalry of the Air, Sea, and Land Forces, will, with the help of heroes and heroines from the Civilian Front, make a land fit for heroes to live in.<sup>1</sup>

#### THE HEROIC SYMPHONY

Will war last long enough to ensure this change? Perhaps not; but I see it as a composition in four movements, like Beethoven's Heroic Symphony. Though, in that Tone Poem of the struggle for liberty against Napoleon, the movements are in somewhat different order from those in our Heroic Symphony. Thus we have had, first, an 'Adagio'—'a majestic study of attitudes that seems hardly meant seriously, but that is full of warning as to what is to follow'.<sup>2</sup> After this six months of 'Sitzkrieg' there followed another six of 'Blitzkrieg'—a movement 'Presto Accelerando'. The percussion boomed and banged, the brass blared menaces, the strings wailed—and, through all the racket and rhythm of marching armies, the heroic motif became clearer until it closed the movement with an aria. We are now beginning the slow movement—the 'Andante'; in which the folk melody will come in to support the heroic motif, and the course of the whole composition will become clearer. It will then become lighter and livelier in the 'Allegro' which anticipates a happy ending; and the 'Finale' will combine all the component strains in one complete structure and close with the heroic motif harmonized as a Triumphal March.

<sup>1</sup> In *Savrola*, his first and, so far as I know, his last excursion into fiction, Mr. Churchill shows a very early realization of the relationship between a mandate for a New Order and a Youth Movement. For example, 'Savrola felt as if he had looked into a new world, a world of ardent, reckless, war-like youth.'

<sup>2</sup> *Great Works of Music*, Philip Goep, p. 98.

## CHAPTER VI

### WAR AND PEACE

'Dictatorships, and the philosophy of force which justifies dictatorships, originated in almost every case in the necessity for drastic action to improve internal conditions; when democratic action, for one reason or another, had failed to respond to modern needs and demands.' (President Roosevelt's Message to Congress, January 1940.)

#### THE BELLMAN

**D**ING-A-DING, Ding-a-ding, Ding-a-ding! O yes, O yes, O yes! This is to give notice that the Free and Independent Electors of this Realm who concern themselves with the Peace Aims of His Majesty's Government thereby procure Aid and Comfort to the King's Enemies, impede the Armed Forces of the Crown, and subvert the King's Peace. God save the King!' And as our Bellman has said it three times it must be true. But what is truth? A ruler two millenniums ago asked this question, got the answer wrong, and crucified the Prince of Peace.

Are we, if we obey the Bellman, risking another Crucifixion of the Sons of Men? Is it true that a democratic people should proclaim a peace of which it has not previously prepared the principles? Is it not true that we did so proclaim the war, and found that the preparations made were, in all respects, inadequate, and, in many, inadvisable? Is it not true that now that 'Overlords lawe ruleth the Erthe' we, as a people must, as Piers Plowman says, make ourselves a 'Peace of the Peoples in a parfait Truthe'? Finally, it is undeniably true that we and all other peoples are living in what Spaniards call a 'Moment of Truth'. For this is a time when all accepted assertions must be treated as relative and in relation to one

formidable fact—that our laws, our liberties, and even our lives depend on our readiness to revise accepted axioms. We are therefore well advised to ascertain whether we are being witnesses to truth when we affirm in the High Court of Parliament that peace-preparation is incompatible with war-procedures.

#### WAR MENACE IN PEACE

This dogma was first advanced in the inverted form which adapted it to the pre-war phase of our foreign policy. Our rulers then assured us that any menace of war by us was incompatible with the maintenance by us of peace. Accepting this comfortable doctrine, we maintained peace not only by making no menace of war against aggressions on our imperial interests and international ideals, but even by maintaining the war-making of dictator aggressors against our fellow democracies. We sacrificed successively Abyssinia, Spain, Austria, and Czechoslovakia to the maintenance of peace, in defiance of International Law and in defeasance of the League of Nations. We found that in fact we had thereby procured the military aid and moral comfort of the King's enemies, had impeded the effective use of the armed forces of the Crown, and eventually had subverted the King's Peace.

What was the reason for this? We realize that our Government's motives were pacific, even pacifist; and that its methods were opportune, even opportunist. Was then the axiom, from which they were arguing and on which they were acting, unsound? It now seems certain that it was; that prompt counter-armament and practical counter-action by us would have staved off aggression at a stage when it could have been stopped without war. Also that such a diplomatic 'war menace', in response to the dictators' menace of war, would have involved less real risk of war than did appeasements which only stimulated their appetites and stiffened their aggressions. Take, for example, the menace that London would be bombed *instante* and *in terrorem* which forced the fatal surrender at Munich. Well, we proclaimed war eventually, and London was not bombed for nearly a year. Why? Because, as some of us

pointed out in 1938, we had a sufficiently effective power of reprisal even then to secure us against attacks that were safe from reprisal when made against Abyssinians, Spaniards, and Poles. So, London was not bombed until our Air Force had practically denied day raids over England, and until our own night bombing of German military objectives had showed the German General Staff the possibilities of a 'nuisance' night-bombing of England with fighter-bombers. Or, take for an example, in naval warfare, the threat of the 'Unknown Pirate' that, as we have seen, was throttled by the Nyon Agreement.

#### THE WAR-PEACE CONTINUUM

The axiom that war-making and maintaining is incompatible with peace-making and maintaining, and that a war menace in peace or a peace menace in war are equally to be excluded, is therefore demonstrably unsound. Why is it unsound? Because the axiom assumes an antithesis between war and peace that does not essentially exist. It never did exist except as a convenient fiction of International Law—and that fiction is now scarcely extant. In the eyes of International Law the two teams, at a blow of the whistle, started a game under recognized rules called 'war'; and at another whistle, called 'peace', they sat down to tea together in the same tent to divide the gate money and decide on the next match. Whereas war notoriously is, and has always been known to be, merely an instrument for the prosecution of peace policies by polemical procedures. This is why attempts, like the Paris Pact, to 'outlaw War as an instrument of foreign policy', have been futile—war being, not the instrument of a principle but the intensification of a procedure. Even attempts, under the League Covenant, to outlaw war when it is 'an aggression', have failed. Because the points where peace becomes war and war an aggression are as vague and variable as those between civil and criminal law. Where should war be declared in the continuum: diplomatic negotiation, neutral mediation, judicial arbitration, financial and economic pressure, press propaganda, competitive armaments, military menace, penal retri-



sals, naval demonstrations, frontier incidents, political interventions, blockade and boycott, military invasion, civilian bombing? This whole gamut of war has been worked through in nearly all recent hostilities without any formal declaration of war, and has been wound up without any formal negotiations for peace.

War is a matter of moral attitudes and immoral activities—not of legal analysis and illegal acts. The Chinese, in the course of three thousand years of civilization, had reduced war to a convention of attitudes. The interminable intricacies and intrigues of Chinese diplomacy having been exhausted, the hostile armies marched with martial music, under banners bearing their respective slogans, until they confronted one another in two lines at close quarters. The army that made the fiercest faces and most ferocious gestures, that outflanked the other, banged the loudest gongs, barked the worst insults, and blew off the most gunpowder won the fight, and the others left the field. The Boxers abandoned the Siege of the Legations at Peking, disgusted, rather than defeated, by our angular Anglo-Saxon attitudes and by our refusal to play the game like gentlemen according to rule.<sup>1</sup> The present war propaganda suggests that promising progress is being made by the Western World towards an equally civilized convention. War between scientific savages, such as we Europeans are, is probably evolving also towards a more civilized convention in warfare by blockade, and eventually boycott. We frequently referred to the first six months of this war, the 'Sitzkrieg', as a 'strange war'. But the peace that preceded it was no less strange. And it was not really strange that, during the first six months of formal war against the German dictator, we should have suffered only damages of the same quality, though more in quantity, as when our ships were being very informally sunk by the 'Unknown Pirate'. Even now, we still seek the peace of Europe and peace with Germany and Italy as sincerely as

<sup>1</sup> A Chinese gentleman said to me—pointing to the tablet commemorative of the Siege at the entrance to the Legation quarter with the caption 'Lest we forget'—'We forgive you for not understanding us when we see that you can't even understand your own national poet.'

we then did; and we are ensuing it under the same politicians—only with armaments instead of appeasements.

#### PEACE MENACE IN WAR

But, you may object, if by excluding all war menace from peace maintenance we brought on war, might we not, by excluding the 'peace menace' from war maintenance, bring on peace? Yes, we certainly might; and, just as by excluding the war menace we got a kind of war we did not expect, so by excluding the 'peace menace' we might get an unexpected sort of peace. We got a war that passed all understanding and we should get the same sort of peace. Because fighting Germany to a finish would mean fighting to the finish of Europe. The revolutionary Germany that would eventually emerge from a war of extermination and exhaustion would be far more formidable than the reactionary Germany of to-day; even as Hitlerism has proved more formidable than Kaiserism. In the last war we fought Germany until all was Prussian Blue; in this war we should have to fight till all was Russian Red.

The Government has called on us to fight Hitlerism to a finish; and with that we can all agree. Because no settlement with Hitlerism could either be reasonable or reliable. Hitlerism is a war hysteria, with a popular appeal to militant adolescence and a police authority over the mentally adult; and it is now being, all too slowly, put under restraint as a homicidal lunatic. But the proper treatment of Hitlerism is not to maltreat Germany in the hope that it will thereby recover its reason through a Reichswehr revolt, or get religion in a Monarchical restoration. The whips and chains and bread and water of Bedlam made mad men safe but did not make them sane. 'You cannot indict a people', still less can you imprison a nation.

#### PEACE PREPARATION AS A WAR WEAPON

The present responsibility we have assumed for confining the German Nazis to their own country, until they become

again reasonable and reliable beings, entails the responsibility of telling those German elements that are reasonable and reliable what we should take to be a reasonable and reliable reconstruction of the mad-house we all at present inhabit. This, however, has come to be considered an official job for our Government, and is a job concerning which Government officials are particularly jealous of interference. Yet some of us none the less think that giving us a goal to aim at is as important a Government function as giving us guns to aim. Seeing that necessarily the more reasonable, as well as the more treasonable, elements in Germany would fight less fiercely if there were an acceptable alternative to struggling and starving in a war of exhaustion. While we too would bear up better under the deprivations and depressions of war if its objective were defined. For a people's war is not best waged by exciting the worst in a mobilized population with a hate propaganda. The morale of a people is best maintained by providing the best in them with a programme worth suffering and sacrifice.

Two admirable articles reviewing the New Order by a *Times*' Special Correspondent end with the following conclusion: 'Before Hitlerism can be dislodged, proof must be forthcoming that National Socialism is economic humbug—parasitic by its very nature, forced to cover up its unsoundness, step by step, by preying more and more widely. In the long run the system cannot live without war, but to demonstrate this would not be enough. What would really tell would be proof that the Democracies have a better plan than Hitler, one that is economically sound, a constructive programme of social betterment, providing the welfare so long hoped for.' (6-7 March 1941.) On reading this, our first reaction is one of enthusiastic response, but our second rather one of alarm and despondency. For though we all agree, our rulers, content with a military defensive, asseverate that such a moral offensive would interfere with it. No doubt, we wage and win wars in our own way, and our military operations often get well in advance of any mental objective, to their great disadvantage. But, why on earth, when by example and

exertion we have got at home or abroad men and munitions enough to repulse the enemy's military offensives, have we no means whatever for meeting the very formidable moral offensive that has overthrown the morale of all Europe and is threatening ourselves? For example, what material have we with which to answer such an attack as this, reported in *The Times* of 12 March 1941? Dr. Ley, opening the spring commercial fair at Vienna, said that 'the fair demonstrated the immense economic strength and efficiency of the Reich; it also showed the need for the States of Europe to stick together. By blockading the whole continent England had made Europe conscious of the necessity for European unification. Through the exchange of work for work Germany will free Europe from capitalism and from the common enemy—gold. The slogan must run: Never again hunger. We must and will see to it that no power on earth shall ever again be able to starve Europe. What is freedom? Freedom is immunity from distress and fear.'

Now where is the Government Arsenal preparing the munitions for a moral defensive against such attacks? Where is the General Staff preparing a plan of campaign for a moral counter-offensive? Where is the Commander who will concentrate all our available abilities on this mental and moral front? Failing any such lead we are, perforce, under pressure of economic requirements of war, feeling our way blunderingly and blindly along a line of least resistance towards reconstruction. Meantime our desperate defensive, in which blind, leading the blind, fell into one last ditch after another, is being converted into offensives which obviously can and must be planned. As soon as an occupation of Europe and an ejection of the enemy is practicable, even if our politicians are still impotent, our soldiers will see that their military operations are supported by a moral offensive of this sort. The danger is that, the longer we leave this diplomatic attack unanswered by any alternative, the deeper will the German New Order dig itself in.

But insurgence against the New Order will also be progressively increased by the sufferings due to it, and next winter

is the time to proclaim a programme of Federalism and Freedom that would give as good economic dividends without such grossly inequitable directors' fees. For it must be a business proposition; pious aspirations by democratic augurs, or abusive polemics by their diplomatic advisers, are worse than useless. It must be, moreover, a business proposition for a European reconstruction that will enlist the support, not only of Europe but of the United States and the Union of Soviets—without which our war cannot be conducted nor our peace concluded. We may never achieve formal alliance with Russians and Americans because our peace aims cannot be defined. But, if we can convert our war aims from a crusade to rebuff Mahound into a call to rebuild Jerusalem, we could achieve their bringing such pressure upon Prussianism that peace would become possible without dictation or negotiation. Moreover, peace in the form of a European reconstruction, to which the U.S.A. and the U.S.S.R. were contributors and co-signatories, would be reasonably grounded and reliably guaranteed.

#### PEACE AND APPEASEMENT

The preparation and presentation of such a European reconstruction would be an advantage to our war-making in another respect. Among our workers, it would stop the stagnation and the loss of steam to which our war efforts are exposed in respect of war work that puts a steady strain on the strength of citizens and on the social structure, without any compensatory stimulus. For war workers would then feel, as they now do not, that they would have their reward in social reconstruction. Thereby the well-to-do would be relieved of apprehensions, as to permanent ruin and post-war revolution, that might incline them again to appeasement or peace approaches. Sooner or later some will flinch from selfish interests and from fearing to lose the property by which alone they can enjoy life; some also from social ideals and fear of losing the privileges which alone make life endurable. Both these apprehensions have long been present in the ruling class and, should they

become predominant, a peace of appeasement might come like a thief in the night. We should awake to find Appeasement enthroned as Peace and claiming our applause and allegiance. We should not be officially encouraged—even if we were so inclined—to denounce such a Prince of Peace as an illegitimate usurper. Wherefore let us lose no time in insuring against the risks, both from proletarian and progressive war workers becoming half-hearted ‘hands’ and from propertied and pacifist appeasers becoming ‘hidden hands’, by all signing our insurance policy—a planned policy for the Peace of Europe.

#### A POLICY OF NO POLICY

Why is it that, after a year's most desperate fighting in one of the decisive battles of the world, our spokesmen persist in saying that we are not prepared to say what our policy could be said to be, because it is our proper policy not to say before peace is made what would be our proper policy for making it? What is the reason for this shy reticence and coy reluctance in the Valley of Decision? The diplomatic reason advanced in the last war for a similar *silentium* was the risk of disagreements between allies and difficulties with neutrals; but this obviously does not apply in this war. The democratic reason now advanced is that it would cause discussion and dissension among ourselves; but this is no reason because it is not democratic. Such discussion and dissension is the proper defence of democracy against dissatisfaction and disloyalty. In the last war we endured the secret-peace diplomacy and second-rate war direction of our Government because war could then still be considered as being as much outside the operation of democracy as was diplomacy. To-day war is total and takes toll of every one and tax of everything; and the principle by which democracy must stand or fall is—no taxation without representation. If we are to wage war for democracy we must wage a war of democracy by democracy; this means that democracy must be really represented in the reconstruction for which we are paying so heavy a price. We are willing to give a doctor's mandate to Downing Street, but only if they will

take us into their confidence as to their cure for our past disorders and present discontents.

#### PEACE BY DIPLOMACY

What will be the result if they don't? Why, it will be the repetition of the procedure followed in all major wars of the last two centuries including the last. It involves the purchase of allies by subsidies out of mortgages on our future prosperity and by surrenders of other people's territory that will mortgage our future peace. It involves an armistice that throws the balance of power off its base and divides Europe into victors and victims. It involves a Peace Conference of democratic and diplomatic delegates which would profess to be building a European Federation on the basis of social reconstruction, while it proceeded to rebuild the old pre-war world on a basis of secret treaties and sinister transactions between vested interests. It involves a return to the régime that has led us into two world wars in one generation. In which case it will involve us this time, not in a reaction but in a revolution.

We consider ourselves very properly a Peculiar People. But our peculiarities are sometimes quite too peculiar. Here, as posterity will see it, we have all Europe being organized for war against us owing to an ethical and economic eruption of reconstruction, injuriously perverted by our enemies, and justly opposed by us. Yet here are we refusing to recognize that we cannot organize for war without a similar reconstruction, and cannot overcome the reconstruction we oppose otherwise than by offering a better. So we arrive at the absurdity that, in our Parliament, the demand for a war policy and peace plan to win the war is left to the Pacifist group—of all people; while in reply our Premier, that tocsin of the fight for freedom, only rings the changes on the Town Crier's bell. A paradoxical muddle which has caused more 'alarm and despondency' at home and abroad than could any 'peace menace'. Alarm because it is regarded as a capture of the War Cabinet by those who rightly think the less said about war aims the better—

their own aim to restore the *ancien régime* being unavowable: Despondency, because it is realized that, in that case, we may not win the war and must lose the peace.

## PEACE BY DEMOCRACY

On the other hand, though we may differ from the Government demand for silence on the subject of 'war and peace aims', we must defer to it so long as it is maintained; even though many of us may think this silence is disastrous. With the undesirable result that the Government is losing useful co-operation from essential elements, and will lose more with increasing rapidity, as the war lengthens. They are probably unaware of this, and they will not get the usual warning; for parliament and the press, though they are not gagged, are no longer the gauges of public opinion that they were in peace. Whereas, all the time, the whole trouble is unnecessary. It is due to government politicians and the general public not seeing, or anyway not saying, what each one wants. The government politicians really want not to have to make clear our 'war aims' and 'peace aims' until they see their way through the war; and, by such 'aims' they mean the sort of *national advantages secured by the terms of an armistice* or by a tome like the Treaty of Versailles. While the general public wants them to make clear the principles they propose for the post-war reconstruction of England and Europe; and by that they mean the sort of political and economic advantages for all Europe, dealt with in the preceding pages. Both parties assume that war aims, peace aims, and final arrangements as to reconstruction are three different, and even divergent, objectives which must be taken in that order as three successive and separate operations. Therefore, both governmental politicians who don't see their way and those who don't see the way to get their own way, think that reconstruction can best be prevented by protesting that armistice terms and peace terms cannot be proclaimed in advance, as indeed they cannot. While the general public, both those many who know what they want and those few who see a way of getting



it, think that reconstruction cannot be prepared and proclaimed until the Government has been pressed into pronouncing as to its peace aims. Both being, in fact, wrong; because, although these three—war aims, peace aims, and reconstruction—are separate both as to their terms and as to their transaction, they are, in this war, not successive but simultaneous in their time-dimension. For, as previous chapters have shown, post-war reconstruction is being practically prepared in England by War-Socialism, as in the last war; and in Europe, by the enemy's 'New Order' as it was not in the last war. Further, this chapter will show, not only that a proclamation of peace aims is not a condition precedent for preparing reconstruction; but also that Peace Treaties, if there ever are any, will merely recognize and record reconstructions realized during the war. So that war aims, peace aims, and reconstruction—all three are one; and as all three are being dealt with as one by the course of events, all will have to be so dealt with by those in charge of affairs.

The European reconstruction that is already in process of preparation is a natural and inevitable development. It is an attempted correction, carried out by German coercion, of political disorders and economic disorganizations which have been the cause of war. That war must therefore now be decided, as between democracy and dictatorship, not only in terms of resistance but in terms of reconstruction. Our 'war aim' already is that of resisting until reconstruction based on conquest and coercion is abandoned. Our 'peace aim' is that of so rallying all on a basis of Federalism and Freedom that German resistance is abandoned. In short, 'war aims', the military conditions on which we will stop fighting, and 'peace aims', the diplomatic conditions on which we will start negotiating, have become the same terms and will come at the same time. Our armistice conditions are the acceptance of our peace conditions. Our peace conditions are the acceptance of our post-war reconstruction.

We have been so preoccupied with the military aspect of 'war aims' and the diplomatic aspect of 'peace aims' that we have not noticed that the forms and formalities which cele-

brated entry into and emergence from 'peace' and 'war' are out of date. We are ignoring the fact that, just as war, as such, is no longer necessarily declared, so peace, as such, is no longer necessarily dictated or discussed. Our previous preoccupation with the preservation of a formal peace made us sacrifice strong democracies which we could have defended without war, until we had to proclaim war eventually in respect of a weak democracy we could not possibly protect; while still ourselves unprepared for war. This disaster being partly due to our failure to realize that the collapse of Law and Order had swept away the forms and formalities distinguishing peace from war. Our present preoccupation with effete formalities of peace-making, which is preventing all democratic preparation for reconstruction and leaving peace to be dictated or debated diplomatically, would be an even more serious mistake. No doubt we can win a war by losing all our battles but the last; we can as easily lose a peace by winning all our war aims but the first—which is peace.

#### FOOL'S MATE

We are still trying to fight this war as though it were the last, and we may soon be trying to fake this peace as we did the last. Even though 'peace aims' and 'war aims' are not only obsolete but positively obnoxious, we probably could not have prevented our conservative Cabinet and their diplomatic counsellors from following the ceremonial ritual of peace-making, as consecrated over a century ago at Vienna, into another cannibal rite at Versailles. But, just as the enemy have forced us to fight this war in the field according to their modern methods, so they are forcing us to fight them with their own modern methods in the forum. Their peace offer of a 'New Order' is a democratic offensive in every European *foyer*. If, for want of a peace policy, we remain in a passive defensive, we may never get an opportunity for opening our counter-offensive. That is what is known in chess as a 'Fool's Mate'. The enemy is counting on our continuing to be fools and on our not countering his offensive with one of our own. His

opening moves are rapidly establishing his political position in Western Europe and threatening our uncastled King. What are we going to do about it?

#### THE PAWN'S DEFENCE

Of course we are bombing and blockading his military enterprises; but we cannot counter his political efforts at European reconstruction merely by boycotting and abusing them. Nor shall we promote a European revolt by exporting records of ballad music or reels of rural scenery. Europe is not at the moment much interested in English culture. It is only interested in European political and economic conditions. We shall have to fight the enemy in the political and economic field with his own strategy—even with his own stratagems. He is inviting the European Governments to walk into the parlour of his 'New Order', and those who are already caught in his web will *pro forma* and perforce assent. Those which are not yet occupied will formally assent under duress unless and until the enemy is defeated. Because, factually, it will not much matter whether they do or don't—except that they may get better terms if they do. Until the enemy is defeated it is no use our making overtures to any of these future members of our Federation, or making them offers which the enemy can obviously outbid. What we can do, however, is to outbid the enemy's bullying overtures to occupied and other Governments as to entry into their 'New Order' by making our bland offers to the refugee Governments resident with us, as to their entry into our New Europe. As our enforced guests, these refugee Governments are in much the same position as their opposite numbers who are forced to entertain the Germans as guests. We can ask these Free French, Dutch, Belgians, Norwegians, and Luxembourgers whether, as our allies, they will accede to our 'New Order' for Europe. The choice—being either a limitation of a now suppressed sovereignty in a Free Federation of Europe or unlimited subjugation in an 'Unholy Roman Empire of the Prussian Nation'—should not prove difficult. If all accede, so much the better; if any make

reserves, e.g. as to colonial control, &c., it will not much matter. But what will matter will be the effect on Europe of the contrast between our 'New Order' and that of the enemy. For this 'Pawn's Defence' will not only put a stop once and for all to the 'Fool's Mate' our opponent has planned for us with his Knights of the Fifth Column, but will carry the attack into his country with our Knights of the Federal Union. Indeed the moral effect of such a move on the non-political or proletarian belligerent in Germany and Italy; on the non-benevolent non-belligerent in Spain, Hungary, or Rumania; on the benevolent neutral in America or the non-benevolent neutral in Russia, would be equivalent to a major military success in helping our war-making and hampering that of the enemy. We might then reasonably reckon on such a difference between the pugnacity of the professional and political elements in the German Army as has already appeared between Italian Regulars and Blackshirts; on the present passive slackness and sulkiness in occupied territories becoming active sabotage and sedition; on benevolent non-belligerency becoming unqualified belligerency and unbenevolent neutrality becoming benevolent; and on occupied and unoccupied States joining our Union as soon as the German menace was removed. Last, but not least, on our own war workers, heavily handicapped as they are in the race, meeting without whip or spur each new challenge coming from the enemy as the war charger of his 'New Order' gets into its stride.

#### FEDERALISM AND FREEDOM

The situation would then be so simplified that the most simple soul could see its significance, and the more sophisticated could see its consequences. Peace Aims, Neutral Mediation, Armistice Terms, Peace Terms, Peace Conference, Peace Treaty—all these would disappear from the official agenda paper as soon as we take post-war Reconstruction out of its 'no action' pigeon-hole. All that is left is, on the one side, the German 'New Order' which is being imposed upon Europe by pressure politics and police oppression; on the

other side, our 'European Union' of Federation and Freedom which all 'occupied' Europeans will be invited to enter, and not otherwise occupied Europeans will be fighting to enforce. It will be for us, and such free Europeans, to maintain that fight against what may become overwhelming odds. They, knowing that the alternative to victory for them will be a future of exile and an enslaved fatherland; we, knowing that the alternative for us will be an impoverished, isolated, and imperilled existence. It will be impoverished because, as already pointed out, instead of being Managing Director of a Free Federated Europe, we should only be Manager of the European Branch of American Capitalism. It would be isolated and imperilled because we should be a fortified outpost in Europe for the defence of America against a Prussian Empire of the World. Our function in that event would be, in fact, though not in form, very much the same as that of one of those Caribbean islands in which we have just leased a naval base to the United States.

The Introduction to this book postulated that no peace could be permanent, however carefully it had been prepared by us as victors, unless it was also such as we should have been prepared ourselves to accept if vanquished. The European Federal Union above suggested would be, it is submitted, such a peace. It would also be a peace that the enemy could not accept without deposing Hitlerism. Because the Declaration of Rights and the rights of self-determination which are essential elements of it would, at least, effectively exclude Hitlerist coercions. Even if we never achieved such a military superiority as enabled us to impose the full formula of our Federalism with Freedom over the whole of Europe, we could at least import into part of Europe such forms of Federalism as would enable all its peoples to find eventually their own way to Freedom.

#### L'ENVOI

This only leaves one last problem—the provision of a procedure for democratic peace-making preliminary to or proceeding concurrently with the formation of a Federal Union.

A procedure that will enable Europeans to legislate for the Federal institutions through a representative Constituent Congress and to liquidate the war by international Commissions on Rectification of Frontiers, Reparations, Repatriations, &c. A procedure that will exclude any possibility of what the Americans call 'Horse-trading' and the Germans 'Cow-commerce' between diplomatic delegations in another Peace Conference. And such a procedure was accordingly provided in this chapter as it was first written. But, on reflection, I have decided to end the chapter and the book here for various reasons. One is that such proposals will be affected, as the general principles hitherto propounded are not, by the conditions in which the war ends; and that the provision of a procedure for peace-making will appertain to the professional advisers of the Government or Governments responsible for maintaining peace during the preliminary and provisional period. Another is that the purport of such proposals might well be misunderstood by those who see a 'peace menace' in any detailed description of peace-making. Finally, because such details would divert attention undesirably from the general propositions and proposals whose presentation is the purpose of this book.

In our present circumstances, it is as much our duty to contribute ideas that may seem to any one of us of moral or material importance as it is to contribute our subscriptions or our services. But, with such literary contributions, much of their value depends on their being timely and tactful. Though I may have some doubt as to whether the presentation of the preceding propositions has been invariably tactful, I have none as to their present publication being timely. The principles on which these propositions are based are already present to the minds of most of us; but some of us are approaching them from angles that are obtuse and axioms that are obsolete, while few of us have as yet applied them to the practical problems that we have to solve if we are to survive. Doubtless our democracy would slowly work its way towards some such solution. But a general agreement seems to be asserting itself that we are at a crisis of our history when solutions must be sought

constructively, courageously, and above all quickly. This book is, therefore, a contribution to the War of Wits that is the best response to the brutalities of the Blitzkrieg. And I shall end with the following sighting shots from the heavy guns of our political press on the day that I wrote this last page.

Final paragraph from the first leader of *The Times*, 4 December 1940: 'We know that prosperity can be regained only by new policies adapted to new and sterner conditions, and that we must plan for peace as consciously and as deliberately, and with the same common readiness for sacrifice, as we now plan for war. It must not be said that we are more ready to risk our lives than our vested interests, or that peace—unlike war—holds no purpose worthy of the sacrifice of things we prize for a greater common good. The British people will shrink from no sacrifice for a purpose in which it believes. In war it has gladly accepted—indeed demanded—leadership which calls for sacrifice from all. The planning of peace calls for a leader who will have the courage and the vision to make the same appeal.'

Paragraph from the *Economist*, quoted in the *News Chronicle* leader of 4 December 1940: 'We cannot leave unanswered the German taunt that our policy is to divide and weaken Europe for our own ends, that our victory means the return of all the insecurity connected with *laissez faire* and all the rapacity linked with international finance. Germany, as the war goes on, will have gone far towards disproving her own case, but we shall still have to prove ours. Here is a task to which the Government's best efforts must be devoted.'

## POSTSCRIPT

**T**HE outbreak of war between Germany and Russia allows me to end this book on a note of confidence as to the realization of its recommendations. Hitlerism, that had been sharply checked at the Channel, that was being slowly choked in the Atlantic and smartly challenged in the Mediterranean, has charged out on a crusade against Communism and into a 'War on Two Fronts'—that never-ending nightmare of every Prussian officer and official. And such fronts! Defensives each six thousand miles deep and offensives of one thousand miles destructive range. In the West, the peoples of the American and British Commonwealth, informally but firmly united in defence of their traditional Social Democracy—in the East, the peoples of Russia and China, similarly associated in defence of their novel demotic Socialism. Together, more than half the population and much more than half the power of the world. The eventual issue of the war is therefore no longer a matter of doubt, but only of duration. Even if the Union of Soviets be occupied up to the Urals and the United Kingdom up to the Shetlands, there would still be American, British, Chinese, and Russians fighting to a finish for their respective faiths.

But this development will not only enable us to win the war, it will ensure our winning the peace; which is more problematical. Hitlerism would, anyhow, in time, have ended in the spontaneous eruption or evolution of a unified Europe. But its war with Communism means that it can be ended in our time by the specific establishment of a European Union. Because the two difficulties that were defying satisfactory solution were firstly, the 'fraternal' unification of Europe with Prussia still undefeated by Western democracy; and secondly, the Federal Union of Europe with Russia still on the defensive



against Western diplomacy. Both these difficulties will now disappear. For if, as is almost impossible, the Soviet Union and the United Kingdom were swiftly abolished and wholly absorbed in the Prussian 'New Order', British and Russians fighting inside and outside, would fashion it eventually into Federalism and Freedom. If, as is quite possible, there is an occupation and organization of European Russia under the Nazi New Order, Asiatic Russia would continue to fight Prussianism and would contribute to the establishment of a European Union by the democracies. If as is most probable, the Prussian and Russian 'New Orders' survive in Europe as separate systems, they will be so changed and chastened by war weariness and wastage as to make their incorporation in a European Federal Union easy and expedient.

For two years we have been praying to Providence for help 'because there is none other that fighteth for us'. But Providence does not fight with our weapons or to our wishes. Some of us would have preferred to make peace without the help of Americans; some of us would still prevent, if we could, making peace with the help of the Germans and Russians. We have so far refused but shall soon have to be resigned to all these participations owing to Providence having enlisted these peoples in our cause. We shall have less difficulty now in dealing with the distrust and dislike between the British and Russian peoples injected by a quarter-century of propaganda for the propertied and proletarian creeds. For example, this propaganda on our side is still interpreting the Hitler-Stalin 'eternal pact' and the 'defensive rectifications' of the Russian frontiers as the results of ideological sympathy between Nazis and Communists, and of imperial similarity between Stalinism and Tsarism. Whereas, we can now all see, and should also say, that they were the results of just the same pacificism and pusillanimity that led us into even worse appeasements at the cost of other peoples. Worse, because Russia did counteract as far as it could the betrayals of Abyssinia, Spain, Austria, and Czechoslovakia and we condoned them.

Moreover, there will now presumably be more practical contact between the British and Russian peoples than a diplo-

matic channel blocked by 'Baltic Ships'. Even though geography may long prevent joint military operations, resistance by both peoples to impudent invasion will soon lead to a realization by both peoples of an imperative mutual interest in unifying Europe through Federalism and Freedom.

GEORGE YOUNG.

12 HOLLAND ST. W.8

10 *July* 1941



## INDEX

- Abyssinia, aggression on, 146, 178.  
 Acton, Lord, historian, cited, 1, 18.  
 Africa, federated, 127-9.  
 Agriculture, British, 93, 100; European, 82, 120-1.  
 Air police, 162, 171 n.; services, federated, 113; warfare, 162, 164, 170-1.  
 Alfred, King, 56  
 Allegiance, federated, 3, 24; v. sovereignty.  
 America, War of Independence, 5, 12, 14; North and South, 12, 14, 96, 144, 157; v. United States.  
 Anarchism, 148.  
 Appeasement, economic, 74; of Germany, 77, 152, 170, 181, 184  
 Archbishop of York, 99 n.  
 Aristotle, cited, 16 n  
 Armaments, federated, 25; abolished, 30.  
 Armistice, xvi, 186, 187, 191.  
 Asia, federated, 128, 130; war in, 194  
 Athens, 8, 16.  
 Augustine, St., cited, 24 n  
 Austria, aggression on, 178, population, 51; present, 52; Prussia, 42  
 Autarchy and autarky defined, 81 n. 2.  
 Author, aims, vii, ix, 193  
     experiences in England as official, 28 n., 107 n.; as officer, 169 n.; as candidate, 93 n; as cypher expert, 142.  
     Germany, Weimar, 40 n; Munich, 46 n.; Berlin, 47 n., 172 n.  
     Russia, 64 n.; Comintern, 65 n; Moldavia, 92 n.; Ukraine, 91.  
     Spain, 148 n.1; United States, 83, 158 n.; China, 180 n.  
     talks with Einstein, 160; Lenin, 64 n.; German front fighters, 168 n.; German pilot, 170 n.; German Ambassador, 49 n.  
 Bagehot, economist, cited, 111.  
 Bakhtunin, anarchist, 22.  
 Balance of Power, definition, 39; past, 43; future, 94.  
 Baldwin, Premier, 146, 147.  
 Balkans, federated, 30, 134.  
 Baltic States, federated, 30; posts occupied, 64 n.  
 Banks, functions of, 71, 105; future of, 115-18, 131, 168.  
 Basel, 41  
 Battle of Britain, 164, 170.  
 Battleships, future of, 159, 170  
 Bavaria, 20, 52, 53, 67  
 Bedlam, 181.  
 Berlin, federated, 53.  
 Bessarabia, occupation. 64 n., 92.  
 Bismarck, policy, 42, 47.  
 Blitzkrieg, 159, 160, 170, 194.  
 Blum, Premier, 15 n.  
 Boniface, British evangelist, 49.  
 Briand, Premier, 15 n., 145, 163.  
 British, as law-breakers, 152; as law-makers, 145; as fighters, 76, 104 n, 164, 170; v United Kingdom, Socialism, ruling class, Commonwealth, Colonies.  
 Brittany, federated, 60; autonomy of, 58, 60.  
 Bulgaria, 92, 96.  
 Bull, John, his losses, 151, 16n.  
 Burke, cited, 4.  
 Cabbages and Kings, xvi.  
 Cables, federated, 113.  
 Capitalism, definition of, 100; decline of, xiv, 69, 74, 79, 90, 99, 101, 106, 108, 133, 137, 182; and communism, in conflict, 61, 65-6, 71, 75, 83, 91, 155; in co-operation, 63, 84-7, 93, 98, 109, 120, 122, 136-8, 184, 194; ethics of, 98-134; control of, 132-4; v. State Capitalism.  
 Chamberlain, Premier, 145, 167.  
 Channing Pearce, Dr., 175 n.  
 Charlemagne, Emperor, 48, 86.

- Chatham House publications, 81, 82, 126 n., 131 n.
- Chicago, 48 n., 83.
- Chinese warfare, 180; Chinese at war, 194; and capital, 133.
- Chivalry, old, 71; new, 161, 171.
- Christianity and Civilization, 92, 100, 138, 141-2, 152, 163, 169.
- Christian Socialism, 69, 137; v. economics and ethics.
- Churchill, Premier, 161; as leader, 166-7, 176; as author, 176 n.; as politician, 166 n., 186.
- Civilization, definition, vii; failure, xii-xiv; v. capitalism, Christianity.
- Class war, 66, 91, 97, 137, 138; v. Capitalism and Communism in conflict, Comintern.
- Collective Security, 19, 24, 67.
- Colonies, claims, 125-6; control, federated, 104, 124-31; British policy, 126-9.
- Comintern, 65 n., 83, 109.
- Commerce, federated, 94, 119.
- Commodities, federated, 94, 131.
- Commonwealth, British, xiii, 63, 73, 96, 124, 131-5; and League, 64; and Union of Soviets, 63, 92, 137; v. British.
- Communications, federated, 94, 113.
- Communism and empire, 63; and revolution, 13, 65 n., 83-4; v. Capitalism and Communism, Union of Soviets, Class War, Revolution.
- Confederation defined, 13, 14.
- Conference, Pacific relations, 12; Peace, 186, 191; Disarmament, 77.
- Congo Free State, 81, 124.
- Congress of Union, 23, 31, 32, 94, (British in) 57.
- Constitution, definition, vii; of Union of Europe, 12, 13, 22, 31, 165; of the United Kingdom, xiv, 166; v. Weimar, Federation.
- Co-operatives federated, 114.
- Corporations, governmental, 33-23, 35, 80, 109, 113, 114, 137, (banks) 117.
- Corporate State: Italian, 75; German, 80; European, 33, 34; v. New Order, Fascism.
- County Badge, 173.
- Cromwell, 69, 166.
- Crusades, 141, 184.
- Cunningham, Admiral, 169.
- Currency, federated, 81, 94, 105, 118, 121, 122.
- Currie, federalist, cited, 120 n.
- Czechoslovakia, aggression on, 178; federated, 30, 51, 92; v. West Slav Federation.
- Danube Commission, 113.
- Davenport, economist, cited, n. 2. 100.
- Debt, ethics of, 98 n., 99-102; repudiation, 103; liquidation, 103-5; v. War debt.
- Declaration of Rights, of French revolution, 4; of European Union, ix, 1, 4, 30, 93, 94 n.; and Ulster, 54; and Russia, 62 n.; and Germany, 192.
- Democracy, definition, vii, 7, 16, 37, 107, 153; decline, 3, 10, 14-16, 19, 54, 65, 95, 107; defence by Spain, by Britain, by Russia, 150; restoration, 74, 109, 165; and diplomacy, 28, 38, 65, 96, 144, 151, 152, 185, 186; and colonies, 129; and federalism, 7, 11-17, 35, 54, 188; and peace, 187, 188; and war, 12, 14, 95, 144, 185, v. German democracy.
- Denmark, 16, 74, 82 n.
- Depressions, cause, 71, 73, 74; cure, 105, 106.
- Dicey, Prof., cited, 9.
- Dictatorship, origin, 74, 177; democratic, 165-6; v. Hitler, Mussolini, Franco, &c.
- Diplomacy, definition, 21; reforms, 28; results, 38, 65, 96, 144, 151, 186.
- Disarmament, 24, 29, 30, 77.
- Dominions, federated, 27-8; v. Commonwealth.
- Dunkirk, evacuated, 151.
- Dutch, Free, 190.
- Economic, autonomy in Union, 90, 94, 95, 114, 115, 120-2; causes of war, 76, 97; conferences, 7, 27, 72, 73; Constitution of Union, 32, 137; disorders, 106; v. Capitalism, decline.
- Economist*, *The*, cited, 194.
- Economy of European Union, 68-70, 85, 87, 90-3, 120, 136.
- Eden, Foreign Secretary, 146; resigns, 150.
- Education, of Europeans, 174; of Germans, 162, 182; of leaders, 172.

- Einstein, Prof., cited, 160.  
 Eire, v. Ireland.  
 Empire, v. Commonwealth.  
 England, v. United Kingdom.  
 Europe, v. Union of, Reconstruction, Federalism, &c.
- Fascism, definition, 138; British, 137, 138; Italian, 75, 87, 132, 146.  
 Federal Constitution, 12, 13, 22, 31-5, 94, 137; defence, 25, 29; v. Union of Europe.  
 Federalism, definition, x, xvi, 10, 12-14; development, 16, 21, 39, 53, 85; v. economy of Union; failures, 10; false starts, 5; full stops, 9; and democracy, 100; restoration, v. Union of Europe, Autonomy.  
 Federalism and freedom, 8, 17, 85, 175, 184, 191, 192; and feudalism, 86, 161.  
 Federalizing, chap. ii. *passim*; xii, 14-19, 21, 37-8, 50; France, 57; Germany, 17, 20, 29, 44, 45, 49, 50-3; Great Britain, 53.  
 Federating, chap. i. *passim*; opposition to, 2, 4, 9-11; of World, 4, 35, 129, 139; v. Union of Europe.  
 Finland, aggression on, 64.  
 Fisher, H. A. L., historian, cited, 140.  
 Foreign Office, 93, 144, 151, 175.  
 Fouché, French Prime Minister, cited, 64.  
 France, 6, 58; federated, 57-60; occupied, 11, 48 n., 59, 80; and federalism, 15 n., 24 n.; and Germany, 41-4, 48; and Spain, 149-51; and Great Britain, 1x, 18, 144; and tariffs, 72; and Empire, 6, 125 n., 127, 146, 149.  
 Franco, Spanish dictator, 149.  
 Frankfort, assembly, 42; mayor, 46; culture centre, 46, 53, 82; federal capital, 53.  
 Franklin, Benjamin, 18.  
 Frederick the Great, 40, 47, 51.
- Gangster, definition, 48, 83; governments, 39, 48, 147, 162.  
 Gaulle, Gen. de, 161.  
 Geneva, capital of Union, 26; Economic Conference, 27, 71; v. League.
- Genoa Economic Conference, 72-3.  
 German character, viii, 39, 40, 44, 53, 76, 91; constitution (Weimar), 17, 32, 34, 82, (Union of Europe) 50-3; debt, 77, 78 n.; democracy, 17, 19, 41-5, 45, 73, 79; disintegration, 19, 20, 29, 44, 45, 49-52; disarmament, 19, 20, 25, 77; population, 45, 51, 91; proverb, xiv; re-armament, 77, 79, 132; revolution (political), 1918, 46-9, 79, 82, 84, 181; economic, 1930-40, 76-83; future, 78, 91, 181, 191; relations with France, 41-3; Great Britain, 43, 44, 50, 76, 91, 143; Spain, 149, 150; v. Prussia, Ruling class, New Order, Hitlerism.  
 Gestapo, 82.  
 Gibraltar, future of, 29.  
 Gold, Free, 72; reserves, 71, 73, 82; standard, 71, 72, 138; sterilized, 71, 73, 81, 174.  
 Golden calf, xi.  
 Grand International, a 'book' on, viii.  
 Great Britain, v. United Kingdom.  
 Great Powers, 3, 16, 19, 21, 24, 25, 36, 37.  
 Greece, 8, 14, 82.
- Hamblok, German author, cited, 48.  
 Hanover, autonomy, 47-51, 52.  
 Hansa League, 86.  
 Havana Conference, summary, 136.  
 Hawley-Smoot tariff, 72, 107.  
 Hayek, von, Prof., cited, 62.  
 Heptarchy, revival of, 55.  
 Herder, German poet, cited, 39.  
 Heroic Symphony, 176.  
 Hitler, character, 48, 51; cited, 39, 50.  
 Hitlerism, character, 47, 173; end of, 50, 80, 181, 182, 192.  
 Hobbes, cited, 21.  
 Huber, Max, Swiss author, cited, 31.  
 Humpty Dumpty, 36.  
 Hungary, 92.
- India, 13; British policy, 127-30.  
 Industrial revolution, 76, 101.  
 International Law, definition, 153-5, 179; v. chap. v. *passim*.  
 Ireland, 16; federated, 19, 54, 55.  
 Italy, v. Fascism, Spain, Mussolini.

- Janissaries, 49.  
 Jennings, Prof., 27, cited, 49.  
 Johnson, Dr., cited, 51.  
 Julius Caesar, 48.  
 Junkers, 41, 45, 49; v. Ruling class, Prussia.  
  
 Kapp, German reactionary, xi.  
 Keeton, Prof., cited, 126 n.  
 Keith, Berriedale, Prof., cited, 2, 9, 11.  
 Kellogg, Mr., 163.  
 Kerensky, Russian revolutionary, xi, 138.  
 Keynes, Maynard, Prof., economist, 138.  
 King Cole, historical character, 7.  
 King-Hall, Commander, political, cited, 25 n., 85 n.  
  
 Labour, corps, 82; front, 76; market, 108; party, 28, 64, 122, 168; peace aims cited, 24, 94 n.; and Spain, 151.  
*Laissez-faire*, 102, 144.  
 Laski, Prof., cited, 69 n.  
 Law, definition, vii, 141-2; development, xiv, 162-4, chap. v, *passim*.  
 League of Nations failure, x, 2, 3, 4, 11, 17, 21, 74, 110, 145-53, 179; future, 24, 26, 28, 35, 106, 126, 139, 165; finance, 106, 118, 119; and Union of Soviets, 64; and United States, 27; and United Kingdom, 145-7, 149-53, 178.  
 'Lease and Lend Act', 104, 156, 157.  
 'Lebensraum', 84, 98.  
 Lenin, cited, 64.  
 Leviathan, hook, 20-2; bait, 25.  
 Ley, Dr., cited, 183.  
 Liberalism, origins of, 147; objectives, 122, 164, 168; objection, 144.  
 Liberties, xvi.  
 Liberty Equality Fraternity, vii, 98.  
 Life-saving and Lighting, federated, 113.  
 Lloyd George, Premier, 167, 171 n.  
 London, federated, 57.  
 Lord's Prayer, corrected, 101.  
 Loyalty, federated, xii, 10.  
 Luke, evangelist, cited, 100 n.  
  
 MacDonald, Premier, 34, 73, 145, 163, 166, 167.  
 MacGregor, Prof., cited, 123 n.  
 Machiavelli, cited, 22, 74.  
 Malta, future of, 29.  
 Malvern Conference, results of, 99.  
  
 Mandates, Colonial, 124, 126.  
 Marschall, Baron von, cited, 49 n.  
 Marx, communist, 22, 98, 107.  
 Matthew, evangelist, cited, 100 n.  
 Meade, economist, cited, 86, 114, 121.  
 Mirabeau, French statesman, cited, 51.  
 Moldavia, 92 n.  
 Molotoff, Foreign Minister, 138.  
 Money power, 74, 99, 116, 131, 172; v. Banks, capitalism.  
 Monroe doctrine, 137.  
 Mussolini, 34.  
  
 Napoleon the Great, 41, 51 n., 147; the Third, 42.  
 National federations, 23, 24, 25, 30, 165; v. Sovereignty, Loyalty.  
 Nationalism as a force, 32, 69, 106.  
 Nazi, 69; v. Hitlerism, New Order, Prussia.  
 Neutrality definition, 155, 162; v. non-belligerency.  
 New Order: International, 69, 82, 83, 163, 167, 191; British, 164, 167, 190; German, 5, 7, 11, 69 n., 76-80, 87, 132, 142, 163, 183, 188-91; v. Economic Federalism, Reconstruction.  
 New school tie, 172; v. ruling class.  
*New Statesman*, the, cited, 100 n., 102 n.  
 Non-belligerency, definition, 155-7.  
 Non-intervention in Spain, 149-51, 158, 159.  
 Norman, Mr. Montagu, 138; v. 'Dr. Skinner'.  
 Nyon plan (non-intervention), 150, 179.  
  
 Oslo Powers, definition, 74.  
 Ottawa Preferences, failure of, 71 n., 107, 120 n.; future, 128.  
  
 Paris, 60; peace pact, 163, 179; v. Kellogg.  
 Party government, 34, 55; in France, 60; v. Democracy, declines.  
 Peace, definition, vii, xiv, 179, 181; diplomatic, 186; democratic, 187; preparations, xiv, chap. vi *passim*; procedure, 193; terms, xv, 188, 191.  
 Peel, Hon. George, cited, 72.  
 Piracy, old and new, 158.  
 Plato, cited, 36, 160 n.  
 Poles, 92; occupation 64; v. West Slav Federation.

- Political science, vii, 8.  
 Pombal, Portuguese Premier, 33.  
 Pope Gregory, 86; Pius XII cited, 67.  
 Portugal, constitution as model, 33.  
 Preuss, Dr., cited, 44 n.  
 Price control: German, 69 n., 78, 80, 122 n.; general, 122, 123; v. commerce, commodities.  
 Pritt, K.C. and M.P., cited, 9.  
 Progress, definition, vii, 139.  
 Proportional representation, 34.  
 Prussia, character, viii, 39, 40-4, 49 n., 53, 76, 80, 146, 162; population, 45, 50, 51; supremacy, 25, 40, 42, 44-8; suppression, 5, 19, 41, 43, 50-3; v. Ruling class, Hitlerism, Germans.  
 Public services, federated, 113; health, 113; utilities, 114, 117.  
 Pythagoreans, xii.  
 Quotas, 107, 124 n.  
 Racketeers, definition, 83.  
 Rail and road services, federated, 113.  
 Reconstruction, definition, viii; procedures for, x, 13, 22, 34, 37, 65, 69, 87, 90, 111, 133, 191; practicability, 141, 194; failure in 1918, 168, 173, 187.  
 Revolution, European, 13, 71, 84, 186; British, x, 84, 102 n., 103.  
 Rhineland occupation, 43; autonomy, 47, 51; federal state, 52.  
 River services, federated, 113.  
 Robbins, Prof., economist, cited, 68 n., 95 n., 97 n., 118 n., 122 n., 123 n., 131 n.  
 Roosevelt, President, xi, 166, 167; cited, 104 n., 176.  
 Ruling class, British, 28, 45, 67, 109, 184; policy of, 53, 93, 138, 145-6, 166-8, 171; reform of, 168-9, 172; responsibility of, vii, xi; German, 40; Prussian, 39-42, 44, 45, 47-9, 81, 172; European, 112, 174.  
 Rumania, 66, 92.  
 Salazar, Portuguese dictator, 33.  
 Sanctions against Italy, 146-7; in international law, 154.  
 Saxons in England, 7 n., 56, 57; in Germany, 40, 51; federated, 52.  
 Scandinavia federated, 30.  
 Schacht, Dr., 78, 138.  
 Schleicher, Gen., 160.  
 Schmidt, Dr., Director Deutsche Bank, cited, 78.  
 Science and war, 160-2; and federalism, 8-17.  
 Scotland, federated, 57.  
 Secession from Union, 96.  
 Senegalese in the Ruhr, 43, 44.  
 Shaw, Mr. Bernard, x.  
 'Sitzkrieg', 160, 176, 180.  
 'Skinner, Dr.', 78.  
 Slater, Brigade chief of staff, 173.  
 Social welfare, failure, 103, 133; federated, 114.  
 Socialism as a failure: British, 59, 112, 137, 152; French, 59, 60; German, 44, 45, 59; as a force, 69, 70, 106; v. war socialism.  
 Sovereignty, national definition, 3, 24; 'provisional', 25; economic, 121; and federalism, xii, 4, 10, 14, 131.  
 Soviet, v. Union of.  
 Spain, importance of, 147-8, 150, 178; civil war, 70, 148-9, 152, 170; revolution, 144; electoral system, 35; constitution, 32, 33, 35.  
 Spender, J. A., cited, 96 n.  
 Spengler, Prussian prophet, 48.  
 Standard of living, security for, 120, 122; variations in, 95 n.  
 State capitalism, 80, 81, 84; v. capitalism; socialism, 75.  
 Stern-Rubarth, Dr., federalist, cited, 23, 50.  
 Stinnes, Herr, 37.  
 Strasser, Otto, federalist, 50, 160.  
 Streit, Clarence, federalist, 8, 30 n.  
 Submarine war, 159-61.  
 Sweden, 80.  
 Swiss, model constitution, 31; federated, 26, 27; menaced, 80; civil war, 12, 14.  
 Talleyrand, cited, 4, 51 n.  
 Tariff truce, 72, 121, 128, 174; cause of war, 97; v. Free Trade.  
 Temple, Dr. W., 99 n.  
 Tennyson, Lord, cited, 35, 139.  
*The Times*, cited, 1, 5 n., 98 n., 116, 182, 183, 194.  
 Totalitarianism, 37, 91, 102.  
 Toynbee, Prof., cited, 19, 86.  
 Trade depression, v. Economic; regulation, v. Commerce.  
 Ulster, federated, 54 n., 96.



- Unemployment, 71, 99 n., 168; in Germany, 76, 77; in Union, 121.
- Union of Europe, ix, 8, 12-15, 22-3; political constitution, 12, 13, 22-5, 28, 31, 34, 35; economic, 32, 33; defence, 25, 29; composition, 23, 30, 50, 51; and British, 96; v. Federalizing, Federalism, Federating.
- Union of Soviets, federated, 61-6, 91, 94, 184, 194; foreign policy, 65, 73, 155; peril from, 53, 61, 65, 84, 92, 146; and British, 43, 45, 61, 66, 91, 94, 184, 194; and French, 61 n.; and Germans, 59; and Commonwealth, 63, 92, 137.
- United Kingdom, origin, 55-6; federalized, 53-7; decentralized, 38, 55; federated, 23, 30, 50, 51; v. Federalism, Economic, Democracy, British, Commonwealth, &c.
- United States; confederation with Commonwealth, 7, 8 n., 12, 15, 19, 128, 157, 158; co-operation with Commonwealth, ix, xv, 65, 104, 143, 184, 192; competition with Commonwealth, 135-6; foreign policy, 65, 155-9; economic policy, 72, 74-6, 139; war debt, 103; European reconstruction, x, 6, 94, 96, 144, 157; federalism, 12, 18; democracy, 17; decentralization, 38.
- Utilitarianism, 87, 91.
- Versailles Treaty, 77, 110, 187, 189.
- Vikings, 86.
- Villard, American publicist, cited, 54 n.
- Wages, German, 78, 80, 132; Union, 121.
- Wales, federated, 57.
- Wallachia, 92.
- War, definition, vii, 140, 160, 179-81; in China, 180; aims, xv, 188; avoidance, 66; causes, 95, 97, v. Economic; debts, definition, 103, v. Debt, developments of, 159, 160-4; v. Air; socialism, British, 75, 78, 84, 112, 116, 118, 137, 188, v. socialism, as a remedy, 69, 75, 141, 161, 165; renunciation of, 163, 179; and Law, chap. v *passim*, 140; and Peace, chap. vi *passim*, 136-9.
- Wavell, Gen., 169.
- Weimar Republic, 44; constitution, 22, 31, 44, 45.
- Wells, Mr. H. G., x.
- West Slav Federation, 30 n., 50, 51.
- Wilson, President, xi.
- Wintringham, Brigade commandant, 173.
- World, federated, 4, 15 n., 35, 129, 139.
- Youth movements, x, 172, 175.
- Yugo-Slavia, 80, 91.

